



Daily Report

East Asia

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Japan

Automakers Unlikely To Attend Accord Ceremony
OW0209134195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 31 Aug 95 Evening Edition p 2

[By correspondent Ryosuke Harada]

[FBIS Translated Text] Washington, 30 August — The U.S. Government plans to hold a White House ceremony 6 September to mark the signing of the Japan-U.S. agreement on autos and auto parts. U.S. Trade Representative Mickey Kantor, Laura Tyson (assistant to the president for economic policy), and other officials will attend the ceremony to celebrate the conclusion of the prolonged auto talks with Japan. Officials representing Japanese and U.S. auto makers have also been invited to attend.

Following the signing of the accord, Washington has stressed that the agreement includes "numerical targets." As such, there is discrepancy between Japan's interpretation of the accord and the United States'.

Japanese car makers are unlikely to attend the ceremony because they think "Washington may use us as a 'tool' to emphasize its achievements in the talks."

Toyota To Increase Foreign Parts Procurement
OW0209014495 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 1 Sep 95 Morning Edition p 11

[FBIS Translated Text] Toyota Motor Corporation announced 31 August that its procurement of foreign auto parts and materials totaled \$8.91 billion in FY94 (up 27 percent from the previous year). The company explained that the expansion of overseas production and cost-cutting at home in the wake of the higher yen pushed up local procurement and imports of foreign parts and materials.

In June, Toyota disclosed its "New International Business Plan," in which the company said it would expand the purchase of foreign parts. Toyota's plan is likely cause hard times for domestic parts makers.

In FY94, Toyota's overseas units in nine countries, including the United States, Canada, and Britain, purchased parts and materials worth \$6.59 billion from local makers (up 31 percent from the previous year). The company also imported parts and materials worth \$2.32 billion (up 16.5 percent from FY93). The U.S.-made auto parts that Toyota purchased totaled \$5.69 billion, or 64 percent of its entire foreign parts procurement.

Article Views Local Content Auto Parts Issue

OW0109120695 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 15

[Article by San Francisco correspondent Akihiko Tanaka; "Varying Local Content Ratio — Toyota and Honda are Ahead Whereas Nissan and Mitsubishi Reach Limits;" first in series entitled "Japanese Auto Plants That Have Overcome Frictions"]

[FBIS Translated Text] An agreement was reached between Japan and the United States in their negotiations on automobiles. The "local content ratio," contained in the agreement, was replaced with "localization" at the request of the Ministry of International Trade and Industry [MITI] in a governmental accord that went into effect last week. Figures in the accord will undoubtedly determine future relations within Japanese and U.S. auto industries. The NIHON KEIZAI SHIMBUN, in the course of reporting on Japanese plants in the United States, found that they have different prospects with respect to their local content ratios; the next possible area of friction between Japan and the United States, if it happens, could take a different form.

Miko Kitano, president of TMM, a Toyota plant in Kentucky, said: "Internationalism is making steady headway. If new frictions flare again between Japan and the United States, Japan would be unable to catch up with the speed of internationalism that Washington has hoped for, only to irritate that country." Kitano also said, in a roundabout way, that an increase in the local content ratio amounted to "internationalism."

Japanese Auto Plants Guide U.S. Auto Parts Makers

TMM will increase the number of U.S. auto parts makers it deals with from 200 to 237. Its local content ratio has already reached 75 percent. As a result, TMM is not hard-pressed to increase that ratio. In 1998, TMM will drastically increase its production of cars in North America, to 1.1 million, up 50 percent from 1994, as the mass production of auto parts will spread across North America. A luxury car called "Abaron" [name as published] and a new-type mini van, which have been developed in the United States, are already on production lines. TMM Executive Director Atsuhiko Murayama said: "The local content ratio of auto parts for the production of vehicles developed in the United States will grow." Toyota has already moved ahead of other Japanese automakers. It has set up the "Toyota Supply Support Center" in the United States. The center will send quality control experts to U.S. auto parts companies to guide them on how to streamline production. The major Japanese

car maker has introduced a method to guide affiliated part makers in Japan to the United States. All U.S. parts manufacturers can seek guidance from the center. This will enable TMM to secure future U.S. auto parts suppliers and prepare the way for "internationalism."

Japanese Automakers Have No Room For Additional Investment

HAM, a Honda plant in Ohio that is more dependent on North America than Toyota, is now worried about the future. Its local content ratio has reached more than 80 percent. At one point, it had reached 100 percent of its local content ratio by purchasing auto parts from a Honda-affiliated auto parts maker in the United States. Honda has developed U.S.-type automobiles mainly in HAM; the Accord Wagon, one of the U.S.-type automobiles, is now briskly selling on the Japanese market.

On the other hand, Nissan is said to have resisted to the last including the terms local content ratio in the Japan-U.S. accord. It remains to be seen if it will achieve its local content ratio goal. Jerry Venefield, president of NMMC, a Nissan plant in Tennessee, said: "Our local content ratio is 70 percent. As far as our mainstay models are concerned, our local content ratio will reach 80 percent." Tetsuo Tabata, president of America Nissan, said, "Our plants in the United States manufacture 40,000 cars every year. Our production of a single model in the United States is only 170-180 thousand. Our production levels in the United States are half those of Toyota and Honda." In this way, he admitted that the amount of mass production in his plant stands in the way of turning out more cars.

Although it is said that the production of cars in Japan is on the rise, Nissan, plagued by a long-term performance stagnation, has little financial capability to make additional investment in North America. MMMC is importing frames used to manufacture chassis from the Kyushu Plant in Japan. Nissan has balked at starting production of frames in the United States, which would require them to make additional investments. The U.S. Department of Commerce believes that "Japanese automakers are not willing to purchase U.S.-made auto parts because their intentions are not to cut back on the operating rate of their parts plants in Japan."

MMMC is the only Japanese auto plant in the United States run by an American president. MMMC has boastfully said, "We have U.S. workers making U.S. cars." However, it manufactures Japanese models with the exception of a Ford model. A U.S. Government source went so far as to say: "We made a strategic mistake when we chose our car models." The existing production lines of Mazda plants in the United States

and Mitsubishi have reached limits, and plants in the United States of the two major Japanese car makers are expected to face difficulties to increase their local content ratios. AAI in Michigan, an auto plant set up under a joint venture formed between Mazda and Ford, has registered a 78-percent local content ratio because it has used many Ford-made auto parts. But Mazda has yet to manufacture engines in the United States, forcing AAI to import engines from Japan.

MMMA, a Mitsubishi plant in Illinois, has turned out 220,000 cars, nearly its self-set ceiling, since last summer. MMMA has purchased engines and gears from Chrysler. Mitsubishi President Tsuneo Oigami said: "Chrysler is increasingly unable to supply engines because of the recovery in demand for cars in the United States."

MMMA, which has begun to manufacture a new model of "Express Convertible," has used Mitsubishi-made engines to produce that model. MMMA has used Chrysler-made engines to manufacture Express Series [name as published], but MMMA has shifted to make Express Convertible because of the inability of Chrysler to supply engines for the Express Series model.

Will the United States Be Satisfied?

Toyota and Honda can easily increase their local content ratios because they have already "localized" their models and equipment capability. However, the situation with other Japanese car makers is different. It remains uncertain whether the full implementation of the Japan-U.S. accord by only the two major Japanese automakers will satisfy both the U.S. Government and the auto industry. The United States hopes that Japanese car makers will achieve their local content ratio goals by 1989. Nissan and other Japanese automakers and the demand for auto parts in the United States hold the key to determining any future frictions between the two countries.

Article on Growing Business Chances in U.S.

*OW0409003295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 31 Aug 95 Morning Edition p 14*

[Article by San Francisco correspondent Akihiko Tanaka: "Going Over Barriers of Trade, Corporate Affiliation, and Nationality; Parts Makers' Business Chances Expand"; second and last in series entitled, "Japanese Auto Plants That Have Overcome Frictions"]

[FBIS Translated Text] Unlike auto makers placed under pressure from the U.S. Government and U.S. industrial circles, Japanese parts makers, who have already branched into North America, are about to expand their business chances by taking advantage

of their stateside production. Now that Toyota Motor Corporation and Honda Motor Co. are determined to introduce new models to production lines and expand production at their U.S. plants, their business is expected to expand. Moreover, major Japanese parts makers in the United States have research and development centers in Detroit, a U.S. auto production center. They are out to win contracts from the Big Three.

Target Set on Big Three

The F&P Ohio Plant of Eftech (with President Akihide Fukuda and located in Shoubumachi, Saitama Prefecture), which is affiliated to Honda and produces pedals and other parts, is taking root more than Honda in the United States. It is expected that F&P's total sales for 1998 in North American markets will reach 70 billion yen, twice as much as its annual sales at home. Construction to expand the F&P plant started in August this year. The plant's production capability will be tripled. The company is growing faster than F&P President Osamu Nakajima expected. Nakajima said: "We were thinking about starting the construction in around 1998."

Company sales will grow because it is expanding business with companies that are not affiliated to Honda. Needless to say, its next business target is set on the Big Three. Nakajima said: "We are producing parts for 35,000-36,000 Honda cars a month. However, one of the Big Three alone would buy 50,000-60,000 pieces of each part a month. Our efforts to make inroads into the United States will be rewarded only when we begin business with the Big Three."

Ambrake Corp. (in Kentucky), which is Akebono Brake Industry Co.'s foothold in the United States, has already started business with the Big Three. Ambrake Corp. was formed in 1986 by Akebono Brake and General Motors Corp. (GM) as a venture company. Through Ambrake, Akebono Brake, which is not affiliated to any auto maker, trades with all companies, except Mazda Motor Corp. and Suzuki Motor Corp., in the United States. It is supplying parts and materials to Ford and Chrysler, not to mention GM, which is Akebono's joint venture partner.

U.S. Parts Makers Enjoy Benefit

Japanese parts makers in the United States are not the sole beneficiaries, who will expand business chances by taking advantage of the auto frictions between Japan and the United States. U.S. parts makers will also enjoy the benefit. As Tadatoyo Yamamoto, vice president of Japan Eaton [name as transliterated] (located in Tokyo), pointed out, business chances are about to expand. He said: "(After the Japan-U.S. frictions), Japanese auto

companies in the United States began to use parts and materials from all over the world." As a matter of fact, Eaton (in Ohio) began to open up new business for Japanese manufacturers in the United States.

Alan Doze — vice president of Delphi Chassis Systems (DCS in Ohio), which is a parts maker affiliated to GM — said: "Now, we talk with (Japanese auto makers in the United States) every week." He is of the view that repeated talks over the auto frictions created a foundation of trade relations between his company and Japanese manufacturers in the United States.

DCS does not simply supply parts. It specializes in production of "modules" by combining parts, which have different functions, and a "system" with built-in software. Only a limited number of Japanese makers produce a system by combining brakes and shock absorbers.

Will Parts Makers Gain Influence?

DCS has not yet started to supply the module and other parts to Japanese plants in the United States. However, expecting that its 1995 sales will be about 15 billion yen, DCS plans to double its module production by 2000. DCS expects that following expansion of its module sales, it will be involved in designing (participation in module production from the research and development stage). DCS will be able to compete with Japanese parts makers in the United States on an equal footing if its expectations come true.

Japanese parts makers in the United States are all saying that "increase of the local content ratio and introduction of new models will be linked to job increases." Japanese car manufacturers in the United States, in particular, are expanding their business with parts makers by going over the barriers of corporate affiliation or nationality. Parts makers' influence may gradually become strong if auto makers quickly make inroads into foreign markets and begin competition in procuring auto parts there.

Accord Reached With U.S. on PKO Cooperation

OW0209063295 Tokyo KYODO in English
0614 GMT 2 Sep 95

[FBIS Transcribed Text] Honolulu, Sept. 1 KYODO — The defense ministers of Japan and the United States agreed in principle Friday [1 September] to reinforce bilateral cooperation in UN-sponsored peacekeeping operations including logistical support.

The accord was reached during the first meeting between Japanese Defense Agency chief Seishiro Eto, who took office last month, and U.S. Secretary of Defense William Perry, Japanese officials said.

Eto and Perry were in Hawaii to attend ceremonies marking the 50th anniversary of Japan's signing of surrender documents on the U.S. battleship Missouri on Sept. 2, 1945, at the end of the Pacific theater of World War II.

Eto conveyed Japan's decision to reinforce cooperation between its Self-Defense Forces (SDF) and the U.S. military in UN peacekeeping operations based on a proposed bilateral treaty on providing logistical support, said the officials accompanying Eto.

Concerning the proposed Acquisition and Cross-Servicing Agreement (ACSA), Eto told Perry that the Japanese Government will submit a bill to revise the SDF law to conclude the accord in the next ordinary Diet session which starts in January.

The two countries have been negotiating for conclusion of the accord to facilitate fuel and transportation duty swaps between the SDF and U.S. Forces in Japan.

Eto urged the U.S. military to provide information, as a trial use of the ACSA, when Japan dispatches SDF personnel to the Israeli-occupied Golan Heights in Syria in February to take part in UN peacekeeping operations, the officials said.

Perry told Eto that the U.S. will cooperate in Japan's peacekeeping operation in the Middle East, according to the Japanese officials.

But Eto was cautious over any large increase in Tokyo's payments for the stationing of U.S. troops in Japan, set under a bilateral agreement due to expire next March.

Eto expressed Japan's basic stance that the government will maximize efforts to increase its portion of the payments "within the scope of a limited budget," the officials said.

Perry implied dissatisfaction on the issue, stressing the importance of the U.S. forces' deployment in Asia which necessitates host-nation support from Japan and South Korea, they said.

On defining a new role of the Japan-U.S. security treaty after the end of the Cold War, Eto pointed out the need to establish a security system for the whole of Asia, not just for the two nations.

Eto was quoted as telling Perry in this connection that it is important to promote dialogue and confidence building for the stabilization of the Asia-Pacific region.

The U.S. side also expressed hope to issue a joint communique at a scheduled meeting between President Bill Clinton and Japanese Prime Minister Tomiichi Murayama in November calling for the creation of trust between the two countries.

Clinton is to visit Japan for an informal summit of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka.

Eto assumed the post of the agency director general in August following a cabinet reshuffle by Murayama.

Murayama on Territorial Issue With Russia

*OW0509044695 Tokyo KYODO in English
0320 GMT 5 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Prime Minister Tomiichi Murayama on Tuesday [5 September] expressed his desire to resolve a decades-old territorial dispute with Russia, a government spokesman said.

The premier made the remark at an informal meeting of cabinet ministers, Deputy Chief Cabinet Secretary Hiroyuki Sonoda said at a news conference.

Murayama was responding to Defense Agency Chief Seishiro Eto's remark that the Murayama Administration should strive to settle the dispute over four Russian-held islands off Japan's northernmost main island of Hokkaido.

At the cabinet session, Foreign Minister Yohei Kono said the government wishes to redouble its efforts to resolve the row as it is the most important issue for Tokyo and Moscow to tackle.

Japan has long demanded the return of the islands of Etorofu, Kunashiri, Shikotan and the Habomai group of islets, which the Soviet Union seized at the end of World War II.

Protest Against French, PRC Nuclear Test

Tokyo To Demand UN Test Ban

*OW0209050095 Tokyo ASAHI SHIMBUN
in Japanese 1 Sep 95 Morning Edition p 2*

[FBIS Translated Text] A senior official of the Ministry of Foreign Affairs [MOFA] said on 31 August that Japan will present to the UN plenary session beginning in September a bill on a UN resolution calling for a ban on nuclear tests and that this resolution will be separate from one calling for the early conclusion of the Comprehensive Test Ban Treaty (CTBT). By introducing this bill, Japan wants to express its strong objection to nuclear tests conducted by China and France.

The United Nations passed resolutions demanding the early conclusion of the CTBT unanimously in 1993 and 1994. If clauses on banning nuclear tests are added to a resolution on the conclusion of the CTBT this

year, MOFA is afraid that France and China might vote against it or abstain from voting on it, which could in turn adversely affect the early conclusion of the CTBT itself. Another MOFA official said the government has decided to present a bill seeking a separate resolution because it believes it "necessary to make Japan's position clear as the world's only victim country from nuclear bombing."

Nosaka Again Urges Beijing To Halt

OW0209095695 Tokyo KYODO in English
0931 GMT 2 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 2 KYODO — Chief government spokesman Koken Nosaka urged China to suspend nuclear testing Saturday [2 September] on the eve of his departure to Beijing to attend a United Nations women's conference, officials said.

Nosaka, chief cabinet secretary, made the appeal during a meeting with Chinese ambassador to Japan Xu Dunxin at the Chinese embassy in Tokyo.

Nosaka expressed deep regret at underground nuclear tests conducted by China and said Japan could not help but freeze its grant-in-aid to Beijing, the officials said.

China carried out its second underground nuclear test this year in August.

Xu rebuffed Nosaka's appeal, saying the Chinese test did not harm other countries and Japan should express its protests against nuclear testing after leaving the U.S. nuclear umbrella, they said.

Xu said China will suspend nuclear testing next year and that it is Beijing's policy to separate politics from economics, the officials said.

Nosaka asked Xu to arrange his meetings with Chinese leaders, including premier Li Peng and Foreign Minister Qian Qichen, during his tour of China, they said.

Nosaka is scheduled to leave Tokyo for Beijing on Sunday morning to attend the women's conference as representative of the Japanese Government.

He will address the session on Tuesday as the first Japanese cabinet minister to attend the forum.

Nosaka will pledge Japanese contributions to improve the status of women and to fight aids, the officials said.

Eto Explains Tokyo's Indignation

OW0209103295 Tokyo KYODO in English
0910 GMT 2 Sep 95

[FBIS Transcribed Text] Honolulu, Sept. 1 KYODO — Japan's defense chief Seishiro Eto explained Japan's stance against nuclear weapons and its defense policy

in talks with his Australian and South Korean [ROK] counterparts here Friday [1 September], Japanese officials said.

Eto, director general of the Defense Agency, met separately with Australian Defense Minister Robert Ray and South Korean Defense Minister Yi Yang-ho.

The three officials are in Hawaii to attend ceremonies marking the U.S. victory over Japan in World War II. President Bill Clinton is leading U.S. participants.

In his meeting with Ray, Eto expressed Japan's indignation at a recent underground nuclear test by China and the planned resumption of experiments by France in the south Pacific, the officials said.

"The Japanese people were indignant at the nuclear tests by China and France and Japan will protest against them resolutely," Eto was quoted as telling Ray.

Ray lauded Japan for making protests against the resumption of French nuclear testing at Mururoa Atoll, saying Australia felt a sense of isolation in Asia for its stern attitude toward the French plan, the officials said.

In his meeting with Yi, Eto explained the outline of Japan's defense buildup program which bars the nation from becoming a military power, they said.

Eto said that Japan will preserve its "peace" constitution and strictly abide by its nonnuclear policy of not producing, possessing and introducing nuclear weapons.

He also told Yi Japan will positively support United Nations peace-keeping activities, the officials said.

Eto responded to an invitation to visit South Korea, saying he hopes to realize it at an opportune time. Defense Agency sources said the visit may take place later this year.

Yi briefed Eto on the situation on the Korean peninsula and said the south puts emphasis on promoting dialogue with the north for the reunification of the divided peninsula, the officials said.

International Lawmakers Form Forum

OW0409040895 Tokyo KYODO in English
0342 GMT 4 Sep 95

[FBIS Transcribed Text] Papeete, Tahiti, Sept. 3 KYODO — Lawmakers from around the world protesting French nuclear tests agreed in Tahiti on Sunday [3 September] to form an international parliamentarians federation for a nuclear-free world.

About 35 legislators from 13 countries, including five Japanese lawmakers, gathered for the lawmakers forum and elected as its Chairman Oscar Temaru, a leading

figure in Tahiti's antinuclear and independence movement.

Akira Kasai, a House of Councillors member from the Japanese Communist Party who attended the forum, said it is important for the parliamentarians to create a network for the antinuclear movement and cooperate with each other.

The forum, sponsored by a pro-independence and anti-nuclear group, met in a park some 20 kilometers from the French Polynesian capital of Papeete near the gravesites of anti-French freedom fighters.

Temaru hailed the founding of the federation saying the support of all nations involved will be necessary to get France to rescind its decision to conduct a series of nuclear weapons tests.

As one of its first acts, the federation adopted a resolution vowing to exchange information and plan activities with the aim of ending all nuclear tests and abolishing nuclear weapons.

The resolution called on its members to utilize not only their own parliaments, but also the United Nations and the Inter-Parliamentary Union to achieve their goals.

Japan was recommended as one of the countries for the vice chairman's post in the newly formed federation, but Kasai said that Japanese representatives at the meeting did not have the authority to accept the post and asked to be allowed to vote on the resolution.

Diet Members Join Greenpeace Ship

OW0409042495 Tokyo KYODO in English
0354 GMT 4 Sep 95

[FBIS Transcribed Text] Papeete, Tahiti, Sept. 4 KYODO — A group of nine lawmakers from around the world, including three Japanese Diet members, left Papeete port in Tahiti on Monday [4 September] to join a Greenpeace ship protesting against France's planned nuclear tests at Mururoa Atoll in the South Pacific.

The group will board a larger ship anchored off Tahiti, then travel to the atoll to join the protest sailing headed by a ship from the international environmental protection activist group.

The ship carrying the legislators, including Ko Tanaka of New Party Sakigake, is expected to arrive off Mururoa early Friday.

Finance Minister Masayoshi Takemura, who heads Sakigake, participated in an international protest rally in Tahiti on Sunday as part of a multiparty group of 23 Japanese Diet members.

Takemura has already returned to Japan.

Officials Comment on Tests

OW0109144095 Tokyo KYODO in English
1339 GMT 1 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — Prime Minister Tomiichi Murayama said Friday [1 September] that Japan will protest to France if it goes ahead with its planned nuclear tests.

If Paris resumes testing in the South Pacific, Chief Cabinet Secretary Koken Nosaka will hold a press conference to announce Japan's official statement of protest, Murayama said.

Foreign Minister Yohei Kono will also summon France's ambassador in Tokyo to convey the protest, he added.

Kono summoned China's ambassador to Japan Xu Dunxin to protest against the Chinese nuclear test last month, China's second of the year following one in May.

Nosaka will also express Japan's strong opposition to nuclear tests by the two countries, though not naming them, in a speech he will make Tuesday in Beijing at the U.N.-sponsored World Conference on Women, a senior government official said.

The first French test was reported to be expected at 1800 GMT Friday, or 3 A.M. Saturday Japan time.

Nosaka told reporters that he had not been able to confirm that report.

A Tokyo antinuclear citizens' group released the information earlier in the day.

The citizens' nuclear information center said the timing was contained in information circulated on the Internet Global Communications Network by the group International Physicians for the Prevention of Nuclear War and is allegedly internal U.S. Government information.

Meanwhile, Finance Minister Masayoshi Takemura left Tokyo on Friday evening to take part in a rally in Tahiti to protest the French testing.

Some members of the largest opposition party Shinshinto (New Frontier Party) have criticized Takemura, saying that his absence from Japan is irresponsible because he should stay to tackle the collapse of two financial institutions in western Japan, Hyogo Bank and Kizu Credit Union.

Nosaka supported Takemura, saying the purpose of his trip conforms with the policy of the cabinet.

Takemura, head of New Party Sakigake [Harbinger], is leading an inter-party group of about 20 lawmakers who will attend the rally.

The testing and planned testing by the two nuclear powers have triggered numerous protest demonstrations in Japan, which suffered two nuclear bombings 50 years ago, and the protest movement is expanding day by day.

On Friday, protest rallies were held in Tokyo, Hiroshima, Nagasaki and Osaka by labor unions, civic groups, and organizations of the survivors of the 1945 bombings. Some 15,000 people attended the gatherings.

Kyoto Mayor Tomoyuki Tanabe mailed letters to French President Jacques Chirac and Chinese President Jiang Zemin, asking the two leaders to desist from testing nuclear weapons.

The municipal assembly of Narita, Chiba Prefecture, east of Tokyo, unanimously adopted a resolution against the testing by the two countries.

Doi Meets With PRC's Qiao Shi

OW0509060495 Tokyo KYODO in English
0547 GMT 5 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 5 KYODO — The speaker of Japan's House of Representatives, Takako Doi, called in a meeting Tuesday [5 September] with the leader of the Chinese parliament for China to stop nuclear testing.

In the meeting with Qiao Shi, chairman of the standing committee of the national people's congress, Doi said that people from all over the world are concerned about nuclear tests and that nuclear weapons states need to make efforts to ban such testing.

Qiao replied that China needs to conduct "small-sized and limited" nuclear tests to oppose the "hegemony" of the great powers, Japanese officials said.

He also said it was regrettable that Japan was linking the nuclear issue with its economic assistance to China.

On Aug. 17 China conducted its second underground nuclear test this year and the fifth since the United States and other nuclear powers agreed on a voluntary moratorium on nuclear testing.

The Japanese Government announced in late August that it will freeze grant-in-aid to China, except for funds for humanitarian purposes, in protest at China's repeated testing of nuclear weapons.

The measure was in line with Japan's guidelines for extending official development assistance to developing countries. The guidelines specify that the would-be recipient's military activity be taken into account when considering giving aid.

Qiao told Doi that some nuclear weapons countries, which do not need to conduct tests any longer, are now

calling on other countries to stop testing, the Japanese officials said.

He urged her to recall which country possesses the largest number of nuclear weapons, indirectly criticizing the United States, they said.

Doi is visiting China to attend the United Nations fourth world conference on women. She is scheduled to return home later in the day.

Takemura Urges Stronger Stand

OW0309115995 Tokyo KYODO in English
1117 GMT 3 Sep 95

[FBIS Transcribed Text] Papeete, Tahiti, Sept. 3 KYODO — Japanese Finance Minister Masayoshi Takemura said Saturday [2 September] he personally thinks Tokyo should step up protests against France in bilateral talks and at the United Nations should Paris resume nuclear testing.

Takemura made the remarks at a press conference at a Tahiti hotel after joining some 300 international lawmakers and citizens who rallied earlier in the day on the tropical island against France's imminent resumption of testing.

Takemura and 22 other Japanese lawmakers participated in the peace March from the city of Paaa to the nearby French Polynesian Capital of Papeete, calling on French President Jacques Chirac to rescind his decision to resume testing on Mururoa Atoll in the south Pacific.

"I have decided to join this protest against French nuclear testing because I think politicians in every country bear the responsibility for ridding the world of nuclear testing, which is a form of warfare against the natural environment," he told the rally.

Takemura's new party Sakigake [Harbinger] is part of the ruling coalition led by Prime Minister Tomiichi Murayama, chairman of the Social Democratic Party [of Japan].

Attending the protest action were 87 lawmakers from 14 countries, mainly from the Asia-Pacific region, Europe and the United States. Some 100 members of Japanese antinuclear groups also participated.

Swedish Culture Minister Margot Wallstrom said she is against nuclear weapons and nuclear testing for the sake of children's future.

Some of the parliamentarians said they plan to charter ships to head to the testing site.

Rally representatives handed local French authorities a statement of their opposition to the testing and support for Tahiti's drive for independence from Paris.

The March was organized by Faaa Mayor Oscar Temaru, who is also a leader of the local independence and antinuclear movement.

Temaru led the March soon after being released from detention by French authorities for breaching an off-limits area near Mururoa Atoll, the main site for French testing, aboard a Greenpeace ship. He walked at the front of the procession with Wallstrom.

The mayor said the day was historic in that the protest March was supported by people from all over the world. He expressed the hope that the March would put pressure on Chirac to change his mind.

Local police said 3,000 people joined the March, while organizers said there were 5,000. Organizers had aimed to gather 15,000.

The protest action will conclude Sunday morning after adopting a resolution against the testing.

Takemura Rebuts French Criticism

OW0509092495 Tokyo KYODO in English
0757 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Finance Minister Masayoshi Takemura on Tuesday [5 September] rebutted criticism from Paris that his recent participation in a protest rally in Tahiti against planned French tests of nuclear weapons was an interference in the country's internal affairs.

It is "illogical" for France to describe his action as interference, but the fact that the French Government has made such remarks shows "it was worthwhile for me to go there as an (individual) politician," Takemura told a press conference following a regular cabinet meeting.

"I really hope France will think twice about going ahead with the tests at a time when nations are seeking to agree a comprehensive [as received] test ban treaty," Takemura said, adding "I believe the French people will agree with me."

Meanwhile, Foreign Minister Yohei Kono said that Tokyo will explain again to Paris that Takemura joined the rally in Tahiti as an individual, not as a cabinet minister representing Japan.

At a press conference, Kono repeated Japan's calls on France to withdraw its plan to conduct a series of nuclear weapons tests in the South Pacific from this month to next May, and to work to promote Japan-France relations.

Tokyo does not want its relations with Paris to be damaged under a French president who is as well-versed in Japanese culture as Jacques Chirac, he said.

Kono refused, however, to comment on France's decision to have French Ambassador to Japan Jean-Bernard Ouvrieu remain in Paris for consultations. Ouvrieu is currently in France to attend a meeting of ambassadors.

"This is an important issue, so I want to be careful in commenting on it," Kono said.

French Foreign Minister Herve de Charette on Monday summoned acting Japanese Charge d'Affaires Yutaka Iimura to the ministry to criticize Takemura's participation in the Tahiti rally.

On the same day, a French Nuclear Agency spokesman said Paris has decided when it will start its planned tests of nuclear weapons tests, but the date is only known to the president and a few top government officials.

A Japanese Government spokesman later said Tokyo wants Paris to refrain from going ahead with the tests.

"We have time and again said the planned testing should be canceled," Deputy Chief Cabinet Secretary Hiroyuki Sonoda said at a news conference.

He also reiterated that Japan will lodge a "considerably strong" protest of the tests if they are conducted.

Sonoda said France's criticism of Takemura's participation in the antinuclear rally in Tahiti was "unexpected" because Tokyo did not allow him to take part in the parley as a cabinet minister.

"We also have to keep in mind sound Japan-France relations. In this context, Mr. Takemura attended the event not as a cabinet minister but as an individual politician," the spokesman said.

He also quoted Takemura as saying that his participation in the Tahiti rally was not to support a local movement to seek independence from France.

Editorial on ODA Loans Slated for PRC

OW0309100495 Tokyo SANKEI SHIMBUN
in Japanese 31 Aug 95 Morning Edition p 2

[Editorial: "Yen Loans to Beijing Not Untouchable"]

[FBIS Translated Text] In protest against China's recent nuclear testing, the Japanese Government has decided to freeze in principle its gratuitous financial aid to China. But the aid amount to be frozen will be very small because the amount of last year's financial cooperation was only approximately 72.8 yen billion.

On the contrary, total yen loans through 1995 reaches 1.6109 trillion yen. When 5,800 billion yen, the yen loan of the first term (three years) under the fourth yen loan program which Japan has already decided to provide, is added, the total amount of the yen loan reaches 2.1909

trillion yen. In this sense, we wonder if the freezing of gratuitous aid will be an effective means to protest China's nuclear testing without touching the yen loan.

Some members of the ruling parties seem to be not satisfied with the decision, which is irrational as usual, and the Chinese Government's attitude is absolutely impertinent.

As for the yen loan, the Japanese Government says "it will be left untouched because it is a political means to back up Beijing's reform and open-door policy" while the Chinese Government continues to say "we oppose Japan attaching political conditions to economic cooperation."

We disagree. For Japan in particular, a policy of economic assistance is the key feature of Tokyo's foreign policies, that is, politics. That is why Japan has the four Official Development Assistance (ODA) principles—which is designed to decide on economic assistance while keeping in mind the status of the development of weapons of mass destruction and the military spending of ODA recipient nations and to chart progress in their democratization.

Although China rejects Japan's decision on freezing gratuitous financial aid, such a stand of shaking Japan's position is more political.

Nevertheless, on 15 August, two days before China's nuclear testing, Prime Minister Tomiichi Murayama, foregoing his dignity as a nation's leader, released a one-sided statement apologizing for Japan's wartime actions. The statement deviated from what Japanese people are thinking and reflected his eagerness to save face as chairman of the Social Democratic Party of Japan. Therefore, Japan has been continuously treated with contempt by China. When taking into consideration the fact that China conducted nuclear testing on 15 May, immediately after a decision on indefinite extension of the Nuclear Nonproliferation Treaty (NPT), we cannot help but noting that Chinese actions are always insensible.

If Japan fails to take advantage of this opportunity to review its huge amount of yen loans, the four ODA principles will be spoiled. We hope the government will carry out its decision as scheduled to freeze its gratuitous financial aid as it will have an immediate effect in the area of public welfare, although the overall amount is small. We believe that the government will also touch on the issue of onerous aid. It is true that China's stability is indispensable to peace in Asia. But peace in Asia should be considered in terms of comprehensive security while ascertaining the

United States' moves. Japan's loans to China are not a "sanctuary."

EPA Head: Economy Not in 'Recessionary Phase'

OW0509061995 Tokyo KYODO in English
0426 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Japan's chief economic planner Isamu Miyazaki discounted speculation Tuesday [5 September] that the Japanese economy has entered a recessionary phase, saying rather that it is currently "at a standstill."

The director general of the Economic Planning Agency (EPA) told reporters after a regular cabinet meeting that there are signs of recovery in capital investments and corporate profits, despite an increase in inventories.

Miyazaki was commenting on reports that Tomio Tsutsumi, vice minister of international trade and industry, expressed concern Monday over a downward trend in industrial production.

Miyazaki said public works spending is an integral part of the additional economic stimulation package to be announced Sept. 20.

He added that the effective implementation of such programs is as important as the amount of appropriations, indicating that the government will seek the cooperation of local governments in putting the policies into practice.

Miyazaki Calls for Large-Scale Economic Package

OW0409090695 Tokyo KYODO in English
0815 GMT 4 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 4 KYODO — Economic Planning Agency (EPA) head Isamu Miyazaki called for a large-scale economic package Monday [4 September], saying a package of around 10-12 trillion yen would be "very good."

"Big does not always mean good, but at this current stage in our economy, I think a big package will be better," the official said, speaking at a luncheon meeting held at the Japan National Press Club.

The government is to announce an economic package Sept. 20, the third such package this year aimed to stimulate the stagnant economy.

Miyazaki pointed out the importance of carrying out packages in an effective way, and of making an effort to attain stated targets.

"Implementation is vital. Efforts must be made to reach targets. Even small targets would be okay as long as they are reached," the official said.

He said that in the economic package for fiscal 1994, the government forecast that public spending would grow 12 percent from the preceding year, but in reality, it climbed only 2.3 percent.

The reason behind such a wide gap should be sought, Miyazaki said, noting that the government should "find and clearly state the reasons for a discrepancy between forecasts and the reality of domestic economic growth."

Touching on the economy, the EPA head said there is little sign of the stagnant economy picking up but expressed hope that improvement will be seen in the next fiscal year and that the economy will grow around 3 percent in the next few years.

Tougher Rules on Equipment Exports Considered

*OW0509141695 Tokyo ASAHI SHIMBUN
in Japanese 4 Sep 95 Morning Edition p 2*

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has worked out a draft of new regulations to control the export of computers, machine tools, and other related equipment that can be used to develop or produce nuclear weapons and weapons of mass destruction. The new regulations will be more extensive than the existing regulations.

MITI plans to work out the final draft of the new regulations after taking the views of the industrial circles into consideration. It also plans to ask for advice from the Industrial Structure Council's (an advisory council to the MITI minister) Security and Trade Control Panel as early as October. MITI will revise relevant government ordinances, including the export trade control ordinance, and aims to introduce the new regulations in FY96.

Export controls on equipment related to the production of weapons of mass destruction is governed separately by international rules on nuclear weapons, biological and chemical weapons, and missiles. These regulations concern machine tools and other equipment with advanced technology that are capable of super-precise processing under computer control. In accordance with the international rules, Japan regulates exports on about 80 items.

However, it is now suspected that personal computers, which are not very sophisticated and are not covered by the current regulations, were used to produce weapons of mass destruction following inspections conducted by the United Nations and other organizations in Iraq after the Gulf war. Regarding this, Western nations have introduced the "know regulation" to the export of such products, which stipulates that "they cannot be exported

if it is known that they will be used for the development of weapons of mass destruction."

In accordance with these moves by Western nations, MITI decided to consider a new system. The new export control system will be imposed on the 80 items, such as machine tools, chips and computers, which are included in the current regulations, plus similar equipment that was excluded from the current regulations due to their lower technological levels. Under the new system, exporters will be required to ask for MITI's permission to export if they think the equipment can be used to develop, produce, use, or store nuclear weapons and other weapons of mass destruction or missiles for transporting such weapons.

MITI notes in the draft that "cases of possible use" include the following examples: 1) If the contract or other documents have a provision that the product may be used for the development of nuclear weapons and may damage people's lives, health, and properties; and 2) if the consumer of the equipment notes in the contract his intention to develop nuclear weapons. These regulations will be imposed on exports to any country in the world. However, MITI plans to simplify export procedures for equipment to Western nations that impose the same kind of export regulations.

MITI has already presented its draft of the new regulations to the industrial circles. However, the industrial circles have voiced a cautious view due to a possible increase in clerical burdens. For example, exporters may even be required to check every single piece of equipment for general use. Therefore, it is expected that there may be some twists and turns until MITI can introduce the new export control regulations.

Sanwa May Be Forced To Take Over Kizu Credit

*OW0109141295 Tokyo KYODO in English
1249 GMT 1 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 1 KYODO — The Finance Ministry and the Bank of Japan are considering urging Sanwa Bank to take over the failed Kizu Credit Union because of the bank's close ties with the Osaka-based credit union, ministry and central bank officials said Friday [1 September].

The financial authorities will push the Osaka Prefectural Government to implement such a liquidation scheme for the credit union, scrapping the previously floated idea of transferring its operations to publicly funded Tokyo Kyodou Bank, the officials said.

The prefectural government, which supervises credit unions in Osaka, has already asked Sanwa Bank to put up around 200 billion yen for the liquidation plan, on

the grounds that the major commercial bank introduced a number of depositors to Kizu, Osaka Government sources said.

The sum would finance part of the cost of writing off Kizu's more than 600 billion yen in irrecoverable loans, they said. The credit union has a total of 800 billion yen in bad loans.

Sanwa Bank, however, has rejected suggestions that it bears any responsibility in the bankruptcy of Japan's biggest credit union, although it acknowledged the two have personnel ties, according to the sources.

This will make it difficult for the prefectural government, the ministry and the central bank to draw up a liquidation scheme at an early time, they said.

According to an internal document of Kizu, funds deposited with the credit union via introduction of eight major commercial banks, including Sanwa, accounted for a peak 443 billion yen, or half of all its deposits at the end of 1990.

Deposits made via Sanwa's introduction represented 317 billion yen or 70 percent of all introduction funds, the document said.

In addition, more than 10 people from Sanwa Bank got jobs at the credit union, some of them as directors, Kizu said.

Kizu went bust Wednesday, when the Osaka Prefectural Government ordered it to stop its operations, except for deposit withdrawals.

The authorities plan to ask commercial banks, including Sanwa Bank, and Deposit Insurance Corp. To put up funds to liquidate Kizu's irrecoverable loans, and to transfer recoverable loans to a financial institution with a close relationship with the credit union, said officials at the Finance Ministry and the Bank of Japan.

Since Kizu was the nation's largest credit union in terms of deposits, it is extremely unlikely that other credit unions will take over its problems, they said.

If Sanwa Bank refuses to have anything to do with the liquidation, Tokyo Kyodou Bank — which was set up to take over the operations of two scandal-ridden failed credit unions in Tokyo — may have to shoulder the task, they said.

Panel Agrees on Disclosure for Credit Unions

OW0409145195 Tokyo KYODO in English
1359 GMT 4 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 4 KYODO — A government panel on Monday [4 September] broadly agreed on the need to step up the disclosure of credit

unions' operations and their auditing systems as a means to secure their sound management, Finance Ministry officials said.

A working group under the Financial System Research Council, an advisory panel to the finance minister, basically agreed to work out a framework of disclosure rules for credit unions for implementation in the current year ending in March 1996, the officials said.

Such rules should be drawn up with consideration given to the business size of credit unions, their operation areas and the nature of customers, panelists were quoted as saying.

The panel also agreed that in principle, board directors of credit unions should be prohibited from taking other jobs, the officials said.

The panelists agreed on the need for introducing outside auditors but details have yet to be decided, the officials said.

They also agreed to urge large-scale credit unions to take stricter measures on these proposals, the officials said.

Large-scale credit unions, because of their expanding business operations and the consequent expansion in their customer base beyond credit union members have been close to financial institutions categorized as banks, the officials said.

In defining what would be large-scale credit unions, the panelists proposed certain criteria, such as the size of capital, they said.

The panelists also pointed to the need to clarify supervisory responsibility for credit unions between central and local governments. Such demarcation of responsibility has often been criticized as ambiguous.

In principle, local governments are in charge of overseeing credit unions, but there is an argument put forward for the central government to share part of the responsibility.

The panel also dealt with the financial burden to be taken on by local governments for the disposal of failed financial institutions.

No consensus was reached during Monday's discussion, the officials said.

The working group will present views and opinions shown Monday to a Sept. 12 meeting of the Financial System Research Council, with the idea of having them reflected in an interim report to be written by the end of September on ways to solve Japan's bad loan problem.

Matsushita Vows Fund Supply for Bank Disposal*OW0509073595 Tokyo KYODO in English
0635 GMT 5 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Bank of Japan (BOJ) Governor Yasuo Matsushita said Tuesday [5 September] the central bank will continue to provide funds to failed financial institutions as part of efforts to stabilize Japan's financial system.

"An early disposal of bankrupt financial institutions is indispensable for the earliest possible recovery of function of Japan's financial system," Matsushita said.

"In dealing with the disposal, the BOJ will keep injecting an adequate amount of funds if no other fund providers are found and if fears of chain reactions of a credit unrest exist," Matsushita said.

The governor clarified the policy in a speech sponsored by the Life Insurance Association of Japan, referring to the recent series of failures at Japanese financial institutions.

The BOJ has provided emergency loans for the liquidation of four credit unions and one regional bank since January this year.

The latest case involves Hyogo Bank, the nation's largest second-tier regional bank, and Kizu Credit Union, the top credit union.

The step is intended to finance disposal of bad loans squeezing these failed financial institutions and cover their possible cash shortages as a result of a rush of deposit withdrawals following the announcement of their collapse.

"The banking industry has many problems to be cleared, including improvement of cash flows via liquidation of bad assets and a recovery of eroded net capitals," Matsushita said.

On the economic front, Matsushita repeated the BOJ's assessment that "the recovery trend has been stalled with the economy under the crosscurrent of strong and weak factors."

Corporate equipment investment has been gradually picking up and investment in public projects has shown a renewed upswing, Matsushita said.

But housing investment has been declining and recovery in personal spending has been limited to a very moderate pace, he added.

Moreover, production has stalled, he said.

On the BOJ's credit policy, the governor said the central bank expects the current easy grip to have "spreading effects" on the entire economy.

Interest rates, especially short-term rates, have been declining at a rapid pace since the BOJ announcement in early July to guide money market rates lower, Matsushita said.

Aided by the lower rates and the yen's recent downswing against the dollar, stock prices have been recovering moderately, he said.

"The recent development in the monetary and currency markets will bring about favorable effects on corporate earnings," said Matsushita.

"Drastic deregulations are indispensable (in Japan to) revitalize the economy's innovative strength," he said.

Tokyo To Begin Work To Liquidate Hyodo Bank*OW0209072095 Tokyo KYODO in English
0655 GMT 2 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 2 KYODO — Government-led work to liquidate failed Hyogo Bank is set to begin on a full scale next week, centering on coordinated moves to set up a new bank to take over the operations of the Kobe-based regional bank.

Local business and political leaders promised to cooperate in rehabilitating the beleaguered regional bank as a new bank in meetings with Yoshimasa Nishimura, chief of the Banking Bureau at the Finance Ministry.

The leaders include Fuyuhiko Maki, president of the Kobe Chamber of Commerce and Industry, and Hyogo Prefecture Gov. Toshitami Kaihara.

Shortly after the meetings on Friday [1 September], Junzo Yoneda, vice president of the Kobe chamber and advisor to Sakura Bank, a merger between Taiyo-Kobe Bank and Mitsui Bank, said he intends to assume the presidency of the new bank to take over all the businesses of the failed Hyogo bank.

Of the major shareholders of Hyogo Bank, Sumitomo, Sanwa and Daiwa Banks and two long-term credit banks — the Long-Term Credit Bank of Japan and Industrial Bank of Japan — are requested to provide financial support for the liquidation scheme, according to banking sources.

The sources said Sumitomo Bank, headquartered in Osaka, will become the centerpiece of the liquidation scheme, which calls for fresh capital investment worth 60 billion yen to 80 billion yen in the new bank, saddled with 1.5 trillion yen in nonperforming loans.

Through the Kobe chamber, top leasing firm Orix Corp., leader of the supermarket chain industry Daiei Inc., Kobe Steel Ltd. and electronics giant Matsushita

Electric Industrial Co. have been invited to take equity stakes in the new bank, according to the sources.

Commenting on news reports on Sumitomo Bank's role in the liquidation scheme, a spokesman at the Osaka-based commercial bank said, "there has not yet been any proposal on specific matters, including capital participation from the monetary authorities."

But Sokichi Kametaka, president of Kobe Steel, said, "we are ready to give every possible support to the new bank if any concrete offer is made from the Kobe chamber, even though our plants have been damaged by the Jan. 17 killer quake. It is only common sense."

Yoneda To Take Helm of New Bank

OW0409131095 Tokyo KYODO in English
1247 GMT 4 Sep 95

[FBIS Transcribed Text] Kobe, Sept. 4 KYODO — Junzo Yoneda, vice president of the Kobe Chamber of Commerce and Industry, said Monday [4 September] he will assume the task of rebuilding the collapsed Hyogo Bank.

At a press conference, Yoneda said he will head a bank scheduled to be created early next year to take over the operations of the Kobe-based Hyogo Bank.

The new bank will be established by commercial banks and other private entities as a way to write off 630 billion yen in unrecoverable loans at Hyogo Bank, the largest second-tier regional bank in Japan.

Yoneda, 67, a consultant at Sakura Bank, said he will seek financial support from the Hyogo Prefectural and Kobe Municipal Government to establish the new bank. Hyogo Bank is based in Kobe, Hyogo Prefecture.

He also said he will seek equity participation in the new bank from a wide range of industries.

At the same press conference, the Kobe Chamber of Commerce and Industry's head Fuyuhiko Maki said the Kobe business community will not spare any efforts to reconstruct Hyogo Bank.

"The community will support management of the new entity so that it can smoothly function as a major financial institution for local companies," he said.

Financial authorities decided last Wednesday to transfer operations of Hyogo Bank to a new entity, judging it has become impossible for the bank to get back on its feet on its own.

The decision came at a time when the bank was regarded as indispensable for reconstruction of areas and companies battered by the Jan. 17 great Hanshin earthquake.

Major companies in Kobe and major "city" commercial banks like Osaka-based Sumitomo Bank have already shown their intention to supply capital participation in Hyogo Bank's replacement.

Yoneda said he plans to sell off all Hyogo Bank outlets located outside of Hyogo Prefecture. It has not yet been decided, however, who will buy the outlets, he added.

Although the new bank will keep its head office in Hyogo Prefecture, it will no longer be called Hyogo Bank, Yoneda said.

The Finance Ministry opted to help rebuild Hyogo Bank in a plan that differs from the strategy of complete liquidation that was applied to Kizu Credit Union, which went bust Wednesday.

Hyogo Bank should play a key role in rehabilitating the city of Kobe, Finance Ministry sources said.

Hyogo Bank's crisis is a result of aggressive lending to the real estate sector during the "bubble" economy. Following the collapse of the real estate market, the bank was left with massive amounts of nonperforming loans.

Yoneda indicated the new bank will have executives at major commercial banks in Osaka sit on its board.

"It will be difficult (to manage the new bank smoothly) without cooperation from the Kansai-based city banks," said Yoneda.

He also said some of Hyogo Bank's board directors will remain on the board, denying speculations that all the board members will be dismissed to take responsibility for the plight of Hyogo Bank.

Meanwhile, major department store operator Daimaru Inc., based in Osaka, seemed likely to take part in equity participation in the new bank.

Daimaru President Shotaro Shimomura said, "The department store is ready to cooperate (with the new bank) for Kobe if requested to do so."

But the amount of Daimaru's equity holdings will be "limited," Shimomura said, apparently referring to the damage inflicted on his department store's outlet in Kobe by the earthquake.

BOJ Head To Deny Financial Unrest at Basel

OW0409091695 Tokyo KYODO in English
0806 GMT 4 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 4 KYODO — Bank of Japan [BOJ] Governor Yasuo Matsushita will deny that Japan is faced with financial unrest when he

meets his international counterparts later this month, central bank officials said Monday [4 September].

Matsushita will tell a monthly meeting of the Bank for International Settlements (BIS), to be held in Basel, Switzerland, on Sept. 11, that a series of management difficulties at Japanese financial institutions, including the recent failure of Kizu Credit Union and Hyogo Bank, will not affect other lenders in Japan, the officials said.

With regard to housing loan companies battered by massive amounts of bad loans, they said Matsushita will refer to countermeasures under consideration by the Financial System Research Council, an advisory panel to the finance minister.

Matsushita, who will leave for Basel at the end of this week, will also explain that if overseas branches of Japanese banks face difficulty in raising foreign funds due to concern about Japan's financial system, they will be able to obtain funds from Japanese banks or the Bank of Japan, the officials said.

Banker on Increase of Deposit Insurance Premium

*OW0509132595 Tokyo KYODO in English
0851 GMT 5 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — A top Japanese banker said Tuesday [5 September] it will be necessary to raise deposit insurance premiums to make up for a fund shortage to dispose of failed financial institutions.

Toru Hashimoto, head of the Federation of Bankers Associations of Japan, said at a press conference, "the private sector should deal with financial failures as much as possible by raising the premium if Deposit Insurance Corp. runs short of funds."

At the same time, Hashimoto stressed the need for further study on how much the premium rate should be raised, giving consideration to what Deposit Insurance Corp.'s reserves should be and each financial institution's capability.

With reserves of about 870 billion yen as of March, Deposit Insurance Corp. is widely expected to run short of funds after the disposal of five recently failed financial institutions.

Hashimoto was positive about injecting public money into a special fund to supplement the private sector's self-help efforts through Deposit Insurance Corp.

"Public money can be used for such funds, if necessary," Hashimoto said.

A special fund, if essential to help finance the disposal of bankrupt financial institutions even after raising the premiums of Deposit Insurance Corp., should be

managed as a completely separate organ from the corporation, Hashimoto added.

Hashimoto hailed financial authorities' recent basic disposal schemes for Cosmo Credit Corp., Kizu Credit Union and Hyogo Bank.

"The series of disposals is well-timed and expected to help restore the functioning of the financial system," Hashimoto said.

Hashimoto said that, generally speaking, authorities' requests for related financial institutions to provide financial support for the disposal of a failed financial institution are unavoidable.

Judgments on the propriety of such financial aid, however, should be made by each financial institution involved, he said.

Hashimoto expressed hope that depositors will react calmly to the financial failures, pointing to the bank of Japan's unsecured and unlimited supply of money to assure sufficient liquidity in the private banking sector.

As for housing loan companies, which are on the brink of bankruptcy with huge nonperforming loans, Hashimoto reiterated that farm-related financial institutions cannot completely evade their responsibilities for having extended massive loans to such firms.

Hashimoto said a memorandum exchanged between the Finance Ministry and the Ministry of Agriculture, Forestry and Fisheries will not affect the disposal of housing loan firms, known as "jusen" in Japanese.

The memo was based on the assumption that housing loan firms will be reconstructed, Hashimoto said, adding that it would be meaningless if they were liquidated.

Official Suggests Further Interest Rate Cuts

*OW0309150195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Sep 95 Morning Edition p 5*

[FBIS Translated Text] Speaking at a news conference on 1 September, Makoto Kobayashi, administrative vice minister of the Economic Planning Agency (EPA), referred to bad loans held by financial institutions and said: "It is true that a low-interest rate policy is effective in dealing with bad loans. I understand the financial authorities are considering appropriate measures with such a policy in mind." In this way, he indirectly called on the Bank of Japan to consider working out an additional easy-money policy to eliminate public concern over the financial system.

As for the issue of financially-troubled public housing loan corporations [jusen], Kobayashi said that "I cannot understand why a measure to deal with the issue won't

be worked out until the yearend. I hope that discussions on the issue will be refined by the time an interim report is provided by the Financial System Research Committee (in late September)," thus suggesting the necessity of developing a plan to deal with the issue ahead of the Finance Ministry December schedule.

The vice minister said a series of financial institution failures and actions that the government has taken are a positive factor for the nation's economy as those were pending economic issues to be settled. He added, however, that "the more it takes time to dispose of bad loans, the greater the national economic cost will be to dispose of them," thus stressing the importance of solving the issue of bad loans as early as possible. As an example of a bad influence caused by bank failures, Kobayashi singled out that the conditions for Japanese banks' fund raising in foreign markets has become more severe because of concern over Japan's financial system.

Commenting on economic measures the government will announce on 20 September, he said "it will be questionable if the measures fail to refer to the bad loan problems."

Takemura Vows To Solve Housing Loan Crisis

OW0509084495 Tokyo KYODO in English
0730 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 5 KYODO — Finance Minister Masayoshi Takemura vowed on Tuesday [5 September] to find "by the year-end" a solution to the massive bad loans of seven housing loan companies.

The minister made the remark as a row intensifies over how exactly the huge cost of disposing of the debts should be shared.

The burden is to be distributed between the group formed by Japan's 21 major banks which founded five of the seven housing lenders, and another group of financial institutions affiliated to agricultural cooperatives which lent massively to the housing loan companies in question — Nippon Housing Loan Co., Japan Housing Loan Inc., Housing Loan Service Co., Sogo Jukin Co., Daiichi Housing Loan Co., Jyuso Inc., and Chigin-Seiho and Housing Loan Co.

The Finance Ministry earlier said in a document that disposal by the seven companies of their bad loans, securities and land holdings would cost them a total of 4.6 trillion yen.

Irrecoverable loans account for 3.6 trillion yen of their total bad loans of some 6.1 trillion yen, according to the document.

Takemura, speaking at a meeting of officials of the Life Insurance Association of Japan, downplayed speculation that the Japanese economy might have begun receding, saying the nation is now seeing both "bright and dark signs" concerning its economic health.

Roundtable on Bailing Out Troubled Jusen

OW0509130995

[FBIS Editorial Report] Tokyo NHK General Television Network in Japanese at 0000 GMT on 3 September, in its "Sunday Discussion" program, carries a 50-minute roundtable discussion with Hirotaro Higuchi, Japan Federation of Economic Organizations (Keidanren) Financial Committee chairman and Asahi Breweries, Ltd. chairman; Yoshio Suzuki, Nomura Research Institute director; Kazuaki Harada, Sanwa Research Institute director; and economic commentator Naoki Tanaka. The discussion is moderated by NHK commentator Takashi Yamamoto.

Yamamoto begins the discussion by asking Higuchi his opinion on the recent financial crisis. Higuchi notes that it is a serious matter. He says: "Needless to say, we should shed light on the actual situation surrounding the financial institutions and introduce countermeasures to deal with the issue as soon as possible." He adds that the government and private sector should act in harmony while studying how the United States has streamlined its financial organizations. He also says: "I think there will come a time when the government will have to make a political decision." Asked if the peak of the financial crisis is over following the recent disclosure by the two banks, Kizu Credit Union and Hyogo Bank, which virtually went bankrupt, Suzuki says: "They are the largest private financial institutions in trouble. In this sense, I too think the peak is over. However, some credit unions and other banks are on the verge of bankruptcy." He points out that the issue of bad loans to housing loan corporations (Jusen), which amount to about 6 trillion yen, still remains unsolved, and adds: "I think the most difficult issue is being shelved."

Asked why the government left the two financial institutions alone until the situation became so critical, Tanaka says that the government, when it adopted a policy promoting the liberalization of interest rates, failed to come up with measures to deal with financially troubled institutions. He adds that the financial institutions' executives, which invested in land during the bubble economy, are to blame for their reckless mismanagement. Harada says: "Fifty years after the war, the Japanese-style systems — economic, financial, and corporate management environment, not to mention politics — fell into a state of not functioning."

On the issue of protecting large depositors, Suzuki explains the need to introduce new rules designed to require financial institutions to disclose their business situations. He says that the disclosure of their financial situations will enable depositors to make responsible decisions.

Going back to the issue of bad loans, Yamamoto asks Higuchi why Keidanren wrote a report on the need to use tax payers' money to save the troubled financial institutions. Higuchi says: "Strictly speaking, we said that public funds may be used for stabilizing the financial system." Harada also explains the need to use public funds to bail out the Jusen, saying: "It is an urgent task to rectify the Japanese financial system as soon as possible, even if we have to use public funds." Suzuki says that the Jusen issue cannot be solved unless public funds are used.

Asked how the Jusen issue can be solved, Harada says that the government needs to introduce measures for easing taxes on profits from sales of land and stocks to activate the economy. He says the Jusen issue will be automatically solved if land transactions become active again.

Regarding the Bank of Japan and government's responsibility concerning the Jusen issue, Tanaka says the responsibilities of mother banks and financial institutions, which gave loans to the corporations, should be clarified before spending tax payers' money to bail out Jusen. However, Tanaka says that financial institutions should go out of business if they cannot bear the responsibility for their actions, and adds: "The housing loan corporations have fulfilled their missions." Harada agrees with Tanaka, saying: "I think they have completed their missions too. When it comes to reshaping the financial system by using public funds, people may think that the government is trying to save the private financial institutions by using tax payers' money. However, as we have been saying, most of the private financial institutions should recover from the troubles they are facing through their own efforts." He says there is no choice but to use public funds to bail out Jusen.

The discussion ends at 0059 GMT.

Ministry To Monitor Global Market Reactions

*OW0409112295 Tokyo KYODO in English
0930 GMT 4 Sep 95*

[FBIS Transcribed Text] Tokyo, Sept. 4 KYODO — The Ministry of Finance [MOF] will closely watch possible effects on the global market of the recent instable banking industry in Japan, a top official at the ministry said Monday [4 September].

"The ministry will carefully steer its financial policy while closely monitoring global market reactions" to the instable banking situation in Japan stemming from last week's collapse of two financial institutions, said Kyosuke Shinozawa, vice finance minister, during a press conference.

Shinozawa said it is impossible to accurately assess the global impact of particular problems at the two Japanese financial institutions — Kizu Credit Union and Hyogo Bank.

But he added, "I have the impression Japan's bad loan problem at banks appears to have serious global ramifications."

On the other hand, he said, "confidence over Japan's financial system has been also brewing" due to efforts by the Finance Ministry and the Bank of Japan to dispel overseas fears of further financial unrest.

Shinozawa acknowledged there are reports which say the recent Japanese financial situation has made it difficult for Japanese banks to smoothly generate funds overseas.

"Markets take into account various supply-demand factors in setting interest rates and other lending conditions," he said.

On the overall assessment of Japan's economy, Shinozawa said the situation is "very serious" on the output front.

Shinozawa was referring to the four consecutive months of decline in Japan's industrial production for July, which forced the trade ministry to declare that Japan's industrial production had entered a downward phase.

Shinozawa said housing starts are "slightly severe," while corporate equipment investment is seen as "vigorous."

Corporate earnings are "markedly bright," and exchange and stock markets are also "bright," he added.

"Overall, Japan's economy is under the crosscurrent of bright and dismal factors," Shinozawa said, repeating the government's official assessment in the latest monthly economic report.

He said the Sept. 20 new pump-priming package will not include steps meant to smoothly dispose of the huge bad loans that are squeezing Japanese banks.

"The Finance Ministry will clarify its policy on ways to liquidate bad loans as soon as possible as a way to wipe out people's concern over the issue," he said.

But it is technically difficult to include such a policy in the Sept. 20 package, Shinozawa said.

He said the ministry will map out the policy in line with discussions by the Financial System Research Council, an advisory body to the finance minister, set to continue until late September.

World-Wide Benefits Seen From FBR Monju

*OW0309114795 Tokyo YOMIURI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 3*

[Editorial: "'Monju' Starts Operation Amid Adverse Winds"]

[FBIS Translated Text] The fast-breeder nuclear reactor "Monju" succeeded in producing and sending electricity on the morning of 29 August.

The ultimate goal of Japan's nuclear power development is to use plutonium as a reactor fuel. It is expected that fast-breeder nuclear reactors [FBR] may become the world's mainstream of nuclear power generation in mid-21st century.

So far, the goal of Japan's government-sponsored technological development has been to catch up with other countries. The only thing Japan had to do in the past was to develop fast-breeder technology for its own benefit. From now on, however, the situation will be different. Japan must now improve the technology from the viewpoint of making world-wide contributions.

Since plutonium can be used to produce nuclear weapons, Japan cannot promote its utilization unless there is an international understanding.

Various tests will be conducted to see if "Monju" will function as it is designed for. Japan's tasks after that are to contribute to the benefit of the whole world and to help the international community understand Japan's efforts in that regard.

The starting of Monju's operation is a memorable event. However, the circumstances surrounding the project are difficult.

These difficulties stem from three doubts: economic feasibility, nuclear proliferation, and safety. The future of "Monju" will be blight if we can clarify these doubts satisfactorily.

There are only seven operating fast-breeder reactors in the world, owned by four countries: Russia, Kazakhstan, France, and Japan. India and China are currently developing similar reactors and the United States, the United Kingdom, and Germany withdrew from their fast-breeder development. The international community is not overly anxious about developing fast-breeder reactors.

The biggest reason for this is the economic nature of the reactor. The United States has abundant resources of less expensive energies such as coal. The United Kingdom could not bear the burden of the technological development, which costs time and money. Due to a public opposition movement, Germany was foiled in its plan. However, economic uncertainty about power generation by the reactor is the major reason for pulling out from fast-breeder reactor development.

Japan cannot put its fast-breeder reactor to practical use either unless it is economically feasible. Japan was forced to suspend the development of an advanced thermal converter reactor due to its high cost.

It seems that those who are in charge of developing Monju are confident that the construction costs of fast-breeder reactors for practical use can be lowered 0.8 times as much as that of currently used light-water reactor. But we would like to see, as soon as possible, an outcome that will prove this confidence.

Some people are of the view that the wide use of technology for utilization of plutonium will be linked to the proliferation of nuclear weapons. We need to exert some effort to eliminate such concerns too.

Nuclear wastes produced by a reactor contain radioactive materials, which take a long time to decay. "Monju" can be used for research designed to burn such troublesome nuclear wastes along with plutonium.

We can reduce the quantity of nuclear wastes if this technology is developed. This is not the only benefit we can get. We can also invent technology for the utilization of plutonium for peaceful purposes because, first of all, it is impossible to produce nuclear weapons by using plutonium that contains waste materials.

It is unavoidable that people feel an uneasy feeling for awhile about new technologies. The safety of fast-breeder reactors is a remaining task. It is said that general inspections for troubles have happened so far in the world and will be conducted by using "Monju." This is a good attempt.

It seems that Japan's plutonium utilization is isolated in the world. This is because there is no common international understanding that what Japan is doing will benefit the world. We hope that wisdom gained from the development of "Monju" will become a common world asset.

Parties Comment on Kono's Withdrawal From Race

OW0309095995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 29 Aug 95 Morning Edition p 2

[FBIS Translated Text] Now that Foreign Minister Yohei Kono, the incumbent Liberal Democratic Party [LDP] president, has announced his intention not to run for the party presidential election, International Trade Minister Ryutaro Hashimoto is almost certain to become the next LDP president. Given the situation, the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger] are concerned about the possibility of an early dissolution of the House of Representatives and a general election. The SDPJ notes that the situation "reflects voices within the LDP calling for a one-party administration," (as stated by a senior SDPJ member). In connection with SDPJ and Sakigake moves to form a new gathering of non-LDP and non-New Frontier Party [NFP] forces, on which the two parties are staking their existence, there is a possibility that the current situation may develop into arguments over reviewing the framework of LDP-SDPJ-Sakigake tripartite administration of Prime Minister Tomiichi Murayama.

SDPJ Secretary General Wataru Kubo answered reporters' questions at a Tokyo hotel on 28 August on Kono's withdrawal from the LDP presidential race. He said: "We must increase our preparations for a general election." He made the remark, taking into consideration the fact that LDP legislators are pinning their hope on Hashimoto as a "drawing card in a general election." His remark is also said to have indicated serious concern over the SDPJ lagging far behind other parties in preparations for a general election.

SDPJ members are expressing various views about the case where Ryutaro Hashimoto — who serves as chairman of the Japan war-bereaved association and represents the so-called "hawkish" image — becomes the next LDP president. Some members are optimistic, saying that "since he has shown an intention to abide by the three-party accord, he will not immediately collapse the administration," (according to a senior member of the SDPJ's Policy Board). Others are concerned that "policy coordination with the LDP may face more difficulties than before, thus causing a crack in the foundation of the coalition administration."

It is true that some SDPJ members, mainly those who have endorsed an idea to form a new democratic and liberal party, are expressing growing dissatisfaction that the attempt "to form a new party has been failed because the prime minister has been selected from the SDPJ." If the "Hashimoto-led LDP" enhances a confronting stance with the SDPJ over particular policies, more

SDPJ members will possibly support the view that "it is better to work hard to form a new party after yielding the prime minister's post to the LDP, than maintaining the current administration which has failed to gain the public understanding," (as stated by a senior SDPJ member).

Meanwhile, Sakigake believes that there will inevitably be a growing call within the LDP for displaying the party's own color and that "the ruling coalition will be further divided into two forces" — the LDP against the both SDPJ and Sakigake. It is likely that the party will strongly urge the LDP to abide by the new three-party accord and that it will speed up forming a new gathering with SDPJ legislators and other forces in preparation for an "unforeseen situation."

A senior Sakigake member says: "Kono's departure from the LDP president's post will not soon lead to the party's secession from the coalition administration." Regarding the issue of whether Kono will resign as foreign minister, a senior Sakigake member says: "Although Mr. Kono may indicate an intention to resign, Prime Minister Tomiichi Murayama would, in that case, probably persuade him to stay in office. This will not affect Sakigake Representative (and Finance Minister) Masayoshi Takemura."

Analyzing LDP President Kono's giving up a chance to challenge for the party presidential election, the NFP maintains that the "reason is probably that LDP members have come to express strong criticism of Kono for having formed the current administration, which ignored regular procedures of constitutional government," (as stated by Takeo Nishioka, NFP "Tomorrow's Cabinet" minister in charge of overall coordination). Although the NFP was working out strategy for the political situation from October onward, on the assumption of "LDP President Ryutaro Hashimoto," the party now foresees the possibility that the political situation will change earlier than expected. The party intends to cautiously watch how the change in the LDP power relationship will affect the framework of the coalition administration in the future.

The deep-rooted opinion within the NFP "calling for a public election to select the party president at the December party convention" indicates the "hope to change the party president" by taking advantage of the inauguration of "LDP President Hashimoto." The NFP says that with Kono's withdrawal from the LDP presidential race, "there is a possibility that the political situation will move one month earlier than expected."

Panel Views LDP Election Maneuvering, Politics
OW0309100295

[FBIS Editorial Report Text] Tokyo FNN Television Network in Japanese at 2330 GMT on 2 September, in its regular Sunday magazine "News 2001" program, carries a 39-minute live panel debate on the presidential election of the Liberal Democratic Party [LDP], which is scheduled for September.

The debate, moderated by FNN correspondents Yuji Kuroiwa and Junko Hamada, is joined by Seiroku Kajiyama, former general secretary of the LDP, Takao Iwami, special editorial adviser to MAINICHI SHIMBUN, and Kenichi Takemura, a political commentator.

Kuroiwa begins by saying that he was surprised when he learned about incumbent LDP President Yoichi Kono's decision to not run for reelection. Kajiyama says he was "dumbfounded" when he learned about it. At this point, Kajiyama, a supporter for Ryutaro Hashimoto to be the party's new president, complains of Kono's sudden withdrawal from the race, asserting that it deprives the public of a chance to discuss party policies. Asked if he thinks it desirable to have the election held by having someone else run against Hashimoto, Kajiyama says: "I think it is desirable to hold the election rather than not to hold it. But if it means it does not matter who runs—as long as we have someone—that sounds like performing a farce."

Asked if he thinks there is a chance of either Junichiro Koizumi or Yoshiro Mori running in the race, Kajiyama says there is a "50-50 chance." Kuroiwa then asks Kajiyama if he thinks Hashimoto's victory is "certain;" Kajiyama says it is "90 percent" certain.

At this point, Iwami moves the discussion to the LDP's problems in general. He says the LDP is now "in the worst condition it has ever been." He notes: "It has become a party which cannot even hold a race to decide on its party head." Continuing, he notes: "This problem should be resolved in the way of holding the election."

Takemura states his agreement with this view, saying that the election should be held even if "the outcome is clear" from the beginning. By way of example he says that Koizumi might be an interesting candidate with his views on how to cut government expenses.

Kuroiwa asks Kajiyama why he has chosen to support Hashimoto as his party's next president over the incumbent Kono. Kajiyama accuses Kono of being too passive, saying: "He does not try to do things in a positive manner. He wants to achieve things by being defensive." He says: "Living in days of change as we are now, if we do not get positive, we can never get anything done."

Kajiyama then says that the "clear" difference between Kono and Hashimoto is that the former has a "passive" attitude while the latter is more "positive."

The subject of debate then returns to the overall problems within the LDP, which despite being the largest party in the nation is not heading the coalition government. Iwami says, "What is necessary for the LDP is to have willingness to assume the reits of government when the opportunity comes. The party is now too easygoing and lacks in seriousness."

Kubo on Formation of New Party, Future Situation
OW0409003195 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 20 Aug 95 Morning Edition p 2

[Interview with Wataru Kubo, secretary general of the Social Democratic Party of Japan, by unidentified NIHON KEIZAI SHIMBUN reporter; fifth and final part of five-part series entitled, "Seeking Formation of 'Third Major Political Force'"; this installment entitled, "Formation of New Party by Individual Participation Method; Prevention of Revival of LDP's One-Party Government"; place and date not given]

[FBIS Translated Text] [NIHON KEIZAI SHIMBUN] We still cannot clearly form a concrete picture of the new party.

[Kubo] We have to give clear pictures of the new party in terms of both quality and quantity. The Liberal Democratic Party [LDP], New Frontier Party, and the Social Democratic Party of Japan [SDPJ] won 11.15 million, 12.5 million, and 6.88 million votes respectively in the upper house elections for proportional representation. The total number of votes [we won], including those of Sakigake [Harbinger], is 8.33 million. However, we can only form the third major political power when we can merge parties that together can win more than 10 million votes. Qualitatively speaking, policies of the third major political force will reflect voices of the weak and its supporters. In a broad sense, its supporters will be working-class people. Its organizations will be liberal and composed of wide-ranging people. Not Going After People Who Leave Party [subhead]

[NIHON KEIZAI SHIMBUN] How are you planning to promote cooperation with Sakigake when forming the new party?

[Kubo] The leaders and senior officials of both parties frequently contact each other and their ideals and policies are close to each other. Members of Sakigake, including its representative Secretary General Yukio Hatoyama, are saying that "it is unlikely that Sakigake will continue to be a small party for five or 10 years."

We are beginning to form a common view regarding the new party, the third major political force.

[NIHON KEIZAI SHIMBUN] Do you think a merger of both parties will be a core of the new party? Or are you going to promote a method of allowing lawmakers to join the new party in their own capacity by forming, outside the party, a council for calling out to lawmakers?

[Kubo] Each and every lawmaker who wants to join the new party must have a will to build up the new party. The SDPJ will humbly fulfill its mission and perform thankless tasks. Each participant will have equal voice. We will not form a new party in accordance with a scenario the SDPJ draws up.

[NIHON KEIZAI SHIMBUN] What would you do if some SDPJ members decide not to join the new party?

[Kubo] Exclusionism is not good and we are not drawing a line. Since politicians live by their own beliefs, however, those who cannot join the new party due to differences in political beliefs have to follow the different path. A lively and young person — the younger the better — should become a leader of the new party. Formation of New Party Before Lower House Elections [subhead]

[NIHON KEIZAI SHIMBUN] When is your deadline for forming the new party?

[Kubo] We have to form the new party, the third major political force, before the general elections. We will suffer a setback close to devastation if we have general elections without making any preparations. It depends on when we assume the general elections will be held. Also, we have to keep in mind the fact that time is getting ripe because the lower house members have already spent half of their term of office. We just cannot map out a schedule for formation of a new party on the assumption that elections will not be held until the second half of next year.

[NIHON KEIZAI SHIMBUN] It is expected that the LDP presidential election may change the coalition government's characteristics. How are you going to sort out issues of the government and those of the new party?

[Kubo] The LDP cannot survive unless it continues to be a ruling party. It is a matter of course for LDP members, who never became members of an opposition party, to seek to take power unilaterally. However, the coalition government's starting point was that one-party government is not an ideal form of parliamentary democracy. Because of this, we need the new party, the third major political power, which will hold the deciding vote. A political situation in which we cannot maintain power by ignoring the new party suits the coalition era.

(The LDP presidential election) will give an impetus to (the concept of forming a new party).

MITI Project Seeking 'Super Precision Rulers'

OW0309150295 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Sep 95 Morning Edition p 1

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] plans to embark on a project to fabricate improved measurement standards necessary for promoting progress in advanced technologies, which include, among other things, the delicate task of etching semiconductors and the measurement of faint radio waves. By having the government take the initiative to develop "super precision rulers," MITI intends to provide private firms with common references. MITI plans to set up a new research center in FY96 to develop about 400 types of standards, hopefully within five years.

Super precise measuring techniques are indispensable in the field of advanced technologies, where technological innovations continue to emerge. MITI positions measurement standards as the "basis for maintaining manufacturing industries' competitive power" and plans to pour its efforts toward their development and widespread use.

One example of a standard MITI plan is a "nanometer standard," which accurately represents one-millionth of a millimeter. As for the meter, the basic unit of length, the International Bureau of Weights and Measures in Paris possesses the "prototype meter standard," which various countries have duplicated and have used as their own standards. However, measurements in nanometer units have become crucial in designing and developing super LSI (large scale integrated circuit) chips. MITI, therefore, intends to respond to this with its "new [nanometer] standard."

The government designates measurement standards in using various units of measurement for calculating length, weight, or temperatures. It sets up a common ruler to prevent discrepancies in figures regardless of companies or products. Currently, there are only about 30 types of such standards in Japan. Consequently, concerns have been voiced over adverse effects of such a situation on technological development. For example, it has been pointed out, among other things, that there is a lack of common references among manufacturing firms.

In addition to the "nanometer standard," MITI plans to develop 30-40 types of measurement standards every year, including a measuring device for quantitatively assessing the hardness of ceramic materials. Approximately the same number of "standard substances" are

to be developed every year for precise measurements of the consistency of chemical substances.

MITI also plans to set up, in the Tsukuba Science City, a "Measurement Standards Center" (tentative name) as a core institution to carry out research on standards. About 40 researchers from relevant fields will be assembled there.

MITI plans to request funds for constructing the research center in the second FY95 supplementary budget. It plans to allocate a total of 5 billion yen toward the project by FY2000.

Semiconductor Sector To Create Association

*OW0309095795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 28 Aug 95 Morning Edition p 1*

[FBIS Translated Text] Major Japanese semiconductor makers, including NEC and Fuji, plan to establish a semiconductor industry association as early as next spring. The Japanese semiconductor industry, which has grown to exceed the home appliance industry in domestic production, has yet to form its own representative industry association. Its international competitiveness has now shown signs of decreasing; meanwhile, South Korean companies continue to grow rapidly. For this reason, taking advantage of current good business conditions, the Japanese semiconductor industry intends to set up an association in a bid to increase its competitive strength.

In view of the expiration of the Japan-U.S. Semiconductor Agreement at the end of July, 1996, Japanese semiconductor makers apparently intend to shift their policy from competition to cooperation.

The semiconductor section within the 1948 Electronic Industries Association of Japan (EIAJ, headed by Sony Corporation Chairman Norio Oga) will become independent of the association to newly form the "Japan Semiconductor Manufacturers Association" (tentative name). An executive of the leading company—NEC—is expected to be named as the first chairman of the semiconductor association. The EIAJ is a large industrial organization comprised of about 120 staff members. Among divisions of the EIAJ are the electronics division, dealing with VCRs and others, the semiconductor electron device division, and the electronic parts division dealing with condenser and other parts.

The semiconductor industry has made remarkable progress. The domestic production of IC (integrated circuit) reached approximately 3.3 trillion yen in 1994, 40 years after Tokyo Tsushin Kogyo (which is an ancestor of Sony) made a transistor on an experimental basis. On the other hand, domestic production of

home appliances, which had supported the EIAJ, was approximately 2.8 trillion yen last year. IC production surpassed that of home appliances for the first time.

The semiconductor industry was prepared to be independent of the EIAJ. For instance, the industry set up its think-tank Semiconductor Industry Research Institute of Japan [name as published] (SIRIJ, headed by Hitachi executive director Tsuguo Makimoto) in April, 1994. Among the companies that plan to join the semiconductor manufacturers association are ten major manufacturers, including Toshiba, Hitachi, Mitsubishi, Oki, Sanyo, Sony, and Matsushita. These companies currently belong to the SIRIJ.

There is a possibility that the establishment of the semiconductor manufacturers association will be postponed until next summer. The Japanese and U.S. Governments will start negotiations as early as next spring over the handling of the Japan-U.S. Semiconductor Agreement, which expires at the end of July, 1996. While some people in the industry maintain that the association "should be set up before beginning negotiations to support the governmental negotiations," others say "it is not advisable to stimulate the U.S. side."

Firm Develops High-Performance Hard Disk Head

*OW0409052595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 2 Sep 95 Morning Edition p 12*

[FBIS Translated Text] Hitachi Ltd. has developed a high-performance magnetic head [HPMH], a magnetic recording medium for computers that will be capable of increasing the hard disk memory density to six times the current level, and Hitachi expects to put it to practical use. In developing the HPMH, the next-generation technology of detecting micromagnetic changes by taking advantage of a phenomenon known as a giant magnetic resistance effect (GMR) [jiki teiko koka] has been applied. In the case of a 3.5-inch hard drive, it is now possible to have a capacity as big as that of a digital video disk (DVD), which is capable of storing approximately 5 gigabytes (with 1 gig equal to 1 billion) as well as one movie. Thus, it seems quite possible that in greeting the multimedia age, the HPMH will bring about major changes in the intended use of hard disks.

A hard disk head is an elemental device [so shi] used for recording or reading information on a disk. The most sophisticated head so far takes advantage of the "magnetic resistance effect" phenomenon, in which magnetic fields cause changes in the electric resistance on the magnetic film. On the other hand, the GMR head is an elemental device composed of a multilayer film made up of layers of thin magnetic

and nonmagnetic films that are several nanometers (with 1 nano equal to 1-billionth) in thickness. The technology takes advantage of a physical development in which a certain type of quantum effect causes an incommensurable increase in the magnetic resistance.

The Hitachi-developed prototype GMR device is made up of a nonmagnetic copper film sandwiched in between two layers of magnetic film made of such materials as nickel-iron alloy. Moreover, another layer of nickel oxide film is added to one side of these magnetic layers as "an antiferromagnetic film [han kyo jisei maku]" to intensify the magnetic resistance's effect. Without any electrical charge, it is difficult for the nickel oxide film to influence changes of electrical resistance in the head. It is said that this has helped improve performance.

To upgrade the memory density of a hard disk, the head's reading capability has to be limited. With the newly developed technology, the hard disk's memory density per unit area (of 1 square inch) can reach approximately 5 gigabits, exceeding the level of optical disks, such as the DVD. As far as the sophisticated hard drive using the existing magnetic resistance (MR) head is concerned, Hitachi's set is a combination of five 3.5-inch disks with a total memory of 4.3 gigabytes. However, the same amount of information can be stored in only one disk if the GMR head is used.

Based on this technology, Hitachi plans to turn the GMR head to practical use in two or three years. Moreover, it is said that "the memory density can be increased 10 times if the number of laminated thin films are increased." The memory capacity of hard disks have been increased year after year at a pace exceeding that of optical disks. It seems most likely that a study will be made on entirely new ways to use this new device. For example, imaging software [eizo sofuto] can be installed on a hard disk system about the size of a visiting card. In addition to Hitachi, various companies, such as IBM of the United States and Fujitsu, are also engaged in a competition to develop the GMR head.

Mongolia

President Praises Clinton's Defense Aid Decision

LD0109203695 Moscow ITAR-TASS World Service in Russian 0926 GMT 1 Sep 95

[By ITAR-TASS correspondent Kim Boldokhonov]

[FBIS Translated Text] Ulaanbaatar, 1 Sep — U.S. President Bill Clinton's decision to assist Mongolia's defense sector by supplying it with equipment and technology as well as servicing of them has been described by Mongolian President Punsalmaagiyn Ochirbat as a step of great significance for his country. According to

the newspaper ARDYN ERH, the U.S. President has instructed his secretary of state to inform the U.S. Congress that he plans to implement this project.

"This decision by Bill Clinton is based on the current level of bilateral relations between the states and lays the legal bases for cooperation in the defense sector, which was closed during the Cold War period," the Mongolian leader noted. "Our country has now joined the 69 states to which the United States provides unpaid aid in the defense sector."

Until now Mongolian-U.S. cooperation in the military sphere has been limited to assistance in staff training and regular participation by Mongolian specialists in Army events held in the United States. Medicines and medical equipment have been supplied to Ulaanbaatar from the United States and U.S. doctors have provided medical aid free of charge to the local population.

North Korea

U.S. Nuclear Experts Delegation Arrives

SK0309140295 Pyongyang Korean Central Television Network in Korean 1100 GMT 3 Sep 95

[FBIS Translated Text] A U.S. experts delegation arrived in Pyongyang on 2 September by plane to participate in the 5th DPRK-U.S. negotiations of experts on safe storage of spent fuel.

International, UN Fact-Finding Teams Arrive

SK0209151095 Pyongyang KCNA in English 1506 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — Fact-finding teams of the World Food Programme, the U.N. Food and Agriculture Organisation and the U.N. Children's Fund for Cooperation to Flood Damages arrived here today.

UN Flood Survey Teams Arrive in Pyongyang

SK0309140495 Pyongyang Korean Central Television Network in Korean 1100 GMT 3 Sep 95

[FBIS Translated Text] The World Food Program, the UN Food and Agriculture Organization, and the UN Children's Fund dispatched fact-finding teams to inspect flood damage to our country.

The fact-finding teams arrived in Pyongyang by plane on 2 September.

On this day, the members of the fact-finding team visited the great leader Comrade Kim Il-song's statue at Mansudae, expressing feelings of deep reverence. The guests laid floral baskets before his statue, showing

feelings of deep reverence and admiration for the great leader who devoted his entire life for the people's freedom and happiness and who energetically worked for the prosperity of the world's progressive mankind and for friendship and unity between the world's people.

Japan's Murayama Apology Called 'Hypocrisy'

SK0209102395 Pyongyang KCNA in English
1013 GMT 2 Sep 95

["International Justice Must Be Observed" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — After the Japanese prime minister released a "statement" on the responsibility for the war upon the lapse of 50 years since Japan's defeat in the war, the United Nations Security Council reportedly decided to erase the paragraph holding Japan responsible for the war of aggression in the "presidential statement" adopted to mark the 50th anniversary of the end of World War II.

It has also been reported that some international organizations welcomed the fund-raising campaign by the "national fund", which was reflected in the Japanese prime minister's "statement" and called on the Japanese Government to set up a government-sponsored organization to hear what "comfort women" demand.

This means that they have hailed and accepted his "statement", which totally evades compensation to those nations damaged by Japan. It is a very unreasonable behavior incompatible with international justice.

Murayama's "statement" is only a thing of form which lacks honesty in content and depth. It failed to make a profound repentance of and unambiguous apology for the crimes Japan committed in the past.

Worse still, he made no mention about the compensation for such shocking war crimes of Japanese militarists as killing innocent peoples in cold blood and carrying large quantities of resources and cultural wealth to Japan after invading Korea and other Asian countries for "Greater East Asia Coprosperity Sphere."

It is not fortuitous that as soon as his "statement" was made public, high-ranking politicians of different countries including the Australian prime minister and the Philippine president said the "apology" was very ambiguous and inadequate, while mass media of Britain, Italy and other countries rebuked Japan for its shamelessness.

After releasing the "statement," Murayama himself said it did not go beyond "the parliamentary resolution on 50 years after the war" which was adopted in June with

no mention about apology, compensation and a war-renouncing promise. This fact is enough to show that his "statement" is an empty, hypocritical advertisement.

Apology without compensation for the crimes is nothing but a hypocrisy. Such a thing without honesty can never be regarded as apology in true sense of word.

If his "statement" is accepted as the full liquidation of the past crimes, it may endanger a new practice of a state making no compensation after committing crimes and cause more complicated problems in the international political arena.

What matters is what makes Japan, which has played double game, persistently denying its crimes of aggression though five decades have passed since the end of the war, express "remorse" and "apology" against its will.

Lurking behind this is a sinister intention to avoid worldwide protest and get an important seat in the United Nations by emasculating home and foreign public denunciation of Japan's crimes and improving its image in conjunction with the 50th anniversaries of its defeat in the war and the foundation of the United Nations.

It was for this purpose that Japan expressed nominal "apology" and, in July, set up a "national fund" to give "money in charity" to "comfort women" who are still alive, far from the government's compensation for the issue, a crime of the blackest dye committed by the state of Japan.

The "comfort women" issue is not a matter of glossing over its crimes in such a way as giving some "charity money" to the women but a matter which requires the Japanese Government to make a state compensation, responsible for the past crimes.

Japan must make a clear-cut apology and an adequate compensation for its crimes, which can be accepted by the international community.

The United Nations Security Council and some other international organizations, in conformity with their mission for defending the world's peace and security, must strongly urge Japan, a war criminal, to make a honest apology and compensation to all the nations damaged by it.

Tokyo Assemblymen's League Group Visits Hall

SK0509102495 Pyongyang KCNA in English
0957 GMT 5 Sep 95

[FBIS Transcribed Text] Tokyo, September 2 [date as received] (KNS-KCNA) — Delegates of the Tokyo

Metropolitan Assemblymen's League for the Promotion of Japan-Korea Friendship, who had visited the DPRK, paid a courtesy call at the Korean Hall in Tokyo on September 1.

Chairman of the League Yoshio Utagawa [name as received], referring to his impressions of the DPRK, said that he confirmed that the DPRK people are vigorously advancing, changing their bitter sorrow at the loss of the great President Kim Il-song into courage and strength.

He noted that his visit helped him realise the leadership system and exploits of President Kim Il-song and the great leader Comrade Kim Chong-il.

Kim Yong-sun Addresses Chongnyon Group

*SK0209055495 Pyongyang KCNA in English
0452 GMT 2 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — The great leader Comrade Kim Chong-il gave a party at the Mansudae Art Theatre on Friday [1 September] in honor of a home-visiting group of compatriots of the Hokkaido Credit Association of the Korea Bank under the General Association of Korean Residents in Japan (Chongnyon).

Kim Yong-sun, secretary of the Central Committee of the Workers' Party of Korea, said in his speech there that the Hokkaido Credit Association of the Korea Bank has actively given a financial support to the business activities of Korean traders and industrialists in Japan in keeping with its mission and duty as a national banking organ of Chongnyon, and made a great contribution to the development of national education of Chongnyon.

The great leader Comrade Kim Chong-il has arranged a grandious [as received] banquet for the members of the visiting group, he noted, adding: There is no such a leader as respected General Kim Chong-il who has shown such warm love and great solicitude.

The head of the group, Kim Chong-chung said in his speech: We keenly felt what a great leader the Korean nation had been blessed with while we were in a grief yearning for the fatherly leader President Kim Il-song in the last one year.

"Through the visit to the homeland," he said, "We have cherished deeper in mind the unshakable will to hold in high esteem for all ages and remain loyal to respected General Kim Chong-il, another great leader of the 70 million fellow countrymen."

He declared that they would expand and develop the Hokkaido Credit Association of the Korea Bank into a reliable national banking organ, thus actively contributing to the prosperity and development of their

country, their homeland and positively struggle to achieve the reunification of the country in the '90s.

An art performance was given at the party.

Chongnyon Groups Lay Baskets Before Statue

*SK0509042095 Pyongyang KCNA in English
0415 GMT 5 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — The home-visiting groups of students of Korean University of the General Association of Korean Residents in Japan (Chongnyon) respectively headed by Ko Hyon-chon, Sin Hyon-sop and Hwang Chol-hong on Sep. 3 laid floral baskets and made bows before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang.

Hwang Chol-hong said the hearts of compatriots in Japan are filled with firm conviction that President Kim Il-song is immortal and they would become the loyalists and filial sons who always trust and follow respected general Kim Chong-il, true to the intention of the president.

The Chongnyon officials delegation also laid bouquets and made a bow before the statue of the president.

Japan-Korea Solidarity Meeting Held in Tokyo

*SK0409112195 Pyongyang KCNA in English
1004 GMT 4 Sep 95*

[FBIS Transcribed Text] Tokyo, September 2 (KCNA) — A Japan-Korea solidarity meeting and demonstration recently took place in Osaka in the presence of members of 17 trade unions, the Japan-Korea solidarity organization and members of the League of Korean Youth in Japan and the union of Korean students studying at Japanese schools in Osaka.

A declaration was adopted at the meeting. The declaration strongly urged the Japanese authorities to admit the state responsibility and make sincere compensation for its past crimes. Old Japan killed or forcibly drafted tens of millions of people in the Korean peninsula and the rest of Asia and forced women to serve the Japanese Army as "comfort women."

The participants demonstrated shouting "No to 'private fund'," "Japanese Government, sincerely apologize and compensate", etc.

The demonstration was followed by an evening of culture.

Groups Urge Japan To Make Compensation

SK0409214595 Pyongyang KCNA in English
1503 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — World public circles call upon Japan to sincerely liquidate its past.

D.P. Maheshwari, chairman of the Indian Federation for World Cooperation and Cultural Relations, in a statement said: The Japanese prime minister "apologized" for the crimes Japan committed during World War II, but he did not make sincere apology in the name of the government for the innumerable human, material and mental damage inflicted upon the Korean and Asian peoples and did not mention even compensation.

If Japan really wants to contribute to world peace and security and the solution of international matters, it must make a sincere liquidation of the past and enforce a peaceful policy to suit the trend of the times.

Huamida Hamibula, secretary general of the chairman of the Indian Association of Children's Progress and Wellbeing, in a statement branded the question of the "comfort women for the Army" as a most disgraceful international crime, anti-ethical crime, unprecedented in human history.

The secretary general said that the Japanese Government's setting up of the "Asian Peace National Fund for Women" is no more than the scheme to avoid the state responsibility for the wartime crimes and deceive the indelibly wounded women with some pennies of "private fund".

The Japanese Government must admit the crime and make a sincere apology and state compensation for it, the secretary general stressed.

The Australia-Korea Council in a statement said that Japanese imperialism subjected the Korean people to immeasurable great disasters, misfortunes and sufferings for 41 years after occupying Korea. It noted that since its surrender Japan has not made due compensation for the damages, sufferings and disasters it inflicted upon the peoples of countries in the Pacific region during its occupation.

Secretary Hwang Chang-yop Meets Chinese Visitors

SK0509104895 Pyongyang KCNA in English
1023 GMT 5 Sep 95

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea [WPK], met and had a friendly talk with the friendship visiting group of the Communist Party of China [CPC] led

by Sang Jiejia, alternate member of the CPC Central Committee and deputy secretary of the Qinghai Provincial Party Committee, at the Mansudae Assembly Hall today.

Present there were Chi Chae-yong, vice-director of a department of the WPK Central Committee, and Sui Xudong, charge d'affaires ad interim of the Chinese Embassy in Pyongyang.

New Border Route Between PRC, North Opens

SK0409150995 Pyongyang KCNA in English
1458 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — A border route has opened to traffic between Wonjong, Najin-Sonbong City of the Democratic People's Republic of Korea, which is located in the "golden triangular zone", and Quanhe, Hunchun City of the People's Republic of China.

This crossing provides a closer cooperation in the economy and culture between the Najin-Sonbong free economic and trade zone and the Hunchun special economic zone.

Through this Wonjong Bridge freight from inland of China can quickly be transported to different parts of the world, via Najin Port. And goods and tourists from other countries can easily go into northeast Asia.

The passage also enables businessmen of different countries who want to invest in the "golden triangular zone", to freely go into the Najin-Sonbong free economic and trade zone without visa.

A ceremony for opening the Wonjong-Quanhe border route to traffic was held on the spot today.

Liaoning CPC Delegation Leaves Pyongyang

SK0509010195 Pyongyang Korean Central
Broadcasting Network in Korean 1300 GMT 2 Sep 95

[FBIS Translated Text] A delegation of the Liaoning Provincial CPC Committee led by its Deputy Secretary Wang Huaiyuan left Pyongyang by plane on 2 September.

The delegation was seen off at Pyongyang Station by Kim Tuk-su, vice president of the Academy of Chuche Idea.

Wangjaesan Music Ensemble Performs in Nanjing

SK0409111195 Pyongyang KCNA in English
1001 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — The Pyongyang Wangjaesan light music

ensemble on the road in China gave a performance before a full house in Nanjing on August 31 to the acclaim of the audience.

The performance caused a big stir among the Chinese audience.

The governor and vice-governors of the Jiangsu Provincial People's Government, the chief of its agency of culture, the director of the entertainment centre, the head of an opera troupe, the chairman of the society of dancers saw the performance and expressed their admiration at its high ideological and artistic value.

Zheng Silin, governor of the Jiangsu Provincial People's Government, who had worked 20 years in Dandong, said:

"While seeing the wonderful performance given by the light music ensemble, I looked back with deep emotion on my meeting in Dandong with the great leader Comrade Kim Il-song on a visit to China.

"The image of tender-hearted Comrade Kim Il-song will be immortal in the hearts of our Chinese people."

Chinese people of all walks of life attributed the high level of Korea's literature and art to the wise guidance of respected Comrade Kim Chong-il.

They were excited to see the performance, they noted, adding:

"Korean artistes gave our people a present of beautiful songs and graceful dances, particularly, a present of fervent Sino-Korean friendship feelings.

"All the numbers have strong national traits and vividly reflect the aesthetic taste of the times.

"In particular, dances have new characteristics and strong national identity, plots are new and unique, and the combination of pop and traditional music gives a flawless answer to a question of playing traditional music with modern musical instruments the solution of which the world want to see."

XINHUA DAILY, NANJING DAILY and other Chinese papers gave wide publicity to the performance of the light music ensemble in Nanjing.

Swiss Flood Inspection Delegation Departs

SK0309135295 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 3 Sep 95

[FBIS Translated Text] On 2 September, a delegation of the Swiss Foreign Ministry departed Pyongyang by plane. The delegation came to our country as the first investigation team for humanitarian cooperation in relation to the recent unprecedented flood damage in our country.

The delegation, which arrived in Pyongyang on 29 August, viewed various flood-stricken areas in Sinuiju and North Hwanghae Province and acquainted itself in detail with the scope and results of the damage.

That the Swiss Government expressed sympathy to our people who suffered from flood damage, and dispatched the delegation to our country for humanitarian cooperation, shows that the friendly and cooperative relations between the two countries are further developing.

Red Cross Teams To Assist 'Flood Sufferers'

SK0509042595 Pyongyang KCNA in English 0416 GMT 5 Sep 95

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Fact-finding teams of the League of Red Cross and Red Crescent Societies and the Organization of Borderless Doctors arrived here today by air for assistance to flood sufferers.

A delegation of officials of the General Association of Korean residents in Japan (Chongnyon), home-visiting groups of students of Korean university under Chongnyon and the 244th short-term home-visiting group of Koreans in Japan arrived in Wonsan on September 3 for a visit to their socialist motherland.

Reports of Flood Damage Said Exaggerated

SK0409110495 Pyongyang KCNA in English 1047 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — The SANKEI SHIMBUN of Japan September 1 took issue with the report the DPRK had submitted to the UN Department of Humanitarian Affairs on the heavy damages of unprecedented flood in the northern half of Korea. The paper said it was suspected that the reported damage was "exaggerated" and "faked up" in order to "secure assistance."

This is a disgusting act of those who have no elementary humanitarianism and do not know human ethics and morality.

Why did the SANKEI SHIMBUN make the false report, discarding human conscience and the press mission of representing justice and truth?

The South Korean newspaper TONG-A ILBO said the SANKEI SHIMBUN quoted the sources of the intelligence service of South Korea.

The intelligence service of South Korea is the most heinous plot-breeding organ which reverses black and white. It is an anti-DPRK group which stoops to any infamy to slander the DPRK. This fact is known to the world.

It is self-evident that the staff of the SANKEI SHIMBUN play the role of a political servant-maid after receiving a few dollars from the intelligence service of South Korea.

What is intolerable is that the paper not only quoted the sources of the South Korean secret service but made a tirade insulting the DPRK.

By doing so, the SANKEI SHIMBUN revealed its true colors as a despicable paid group that unhesitatingly abandons the honor of the press and human conscience if it is for money.

It is not surprising that the SANKEI SHIMBUN, which judges everything with money, plays the role of a political servant-maid of the intelligence service of South Korea for money.

However, we cannot but feel indignation at the fact that they judge with money the humanitarian spirit of UN officials, who shared misfortune with our people, visiting the afflicted areas.

Historically speaking, the SANKEI SHIMBUN has engaged in false propaganda against the DPRK in collusion with the extreme rightists of Japan and the South Korean authorities who do not like improvement of DPRK-Japan relations.

Some time ago, the SANKEI SHIMBUN quoted false reports of a South Korean magazine about rice problem in order to throw a wet blanket over the improvement of DPRK-Japan relations.

It is a foolish attempt to hinder the improvement of DPRK-Japan relations for Japan's extreme rightist reactionaries and the South Korean authorities to say this and that over the food the Japanese side offered to the DPRK as an expression of good will from a humanitarian stand.

With this false drama, the Japanese reactionaries and the South Korean puppets despicably try to oppose the DPRK and create distrust between the Korean and Japanese peoples.

As far as the issue of DPRK-Japan relations is concerned, the South Korean puppets are not entitled or qualified to meddle in it.

The fact that there exist in Japan such paid media as the SANKEI SHIMBUN is a disgrace of the press whose life and soul is truth, objectivity, impartiality and exactness.

If the South Korean puppets and the extreme rightists of Japan resort to political swindles and if such press media as the SANKEI SHIMBUN continues to play the

role of a paid medium, they will be judged by history and justice.

South Korean Army Soldier Defects to North

SK0409124795 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 4 Sep 95

[FBIS Translated Text] One South Korean puppet soldier defected to the northern half of the Republic by passing the Military Demarcation Line [MDL] of the western front.

While the struggle for independence, democracy, and reunification and admiration for the northern half of the Republic are being heightened with each passing day amid the South Korean people and youth and students, Sergeant (Han Hyo-su), age 24, assistant platoon leader of the Fourth Platoon of the Third Company of the Search Battalion of the 25th Division of the South Korean puppet army, defected to the northern half of the Republic today by passing the MDL of the western front after leaving the shameful puppet army position.

He, who embraced himself in the bosom of the socialist fatherland which he longed for when awake and asleep, was not able to refrain from delight over the realization of his desire for defection.

Believers Welcome South Defector Reverend An

SK0409214795 Pyongyang KCNA in English 1508 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — A service for welcoming Rev. An Sung-un of the Evangelical Church on Youi Islet, Seoul, who defected to the northern half of Korea, took place in Pongsu Church here Sunday.

Present there were Rev. Kang Yong-sop, chairman of the Central Committee of the Korean Christians Federation, and clergymen of Pongsu Church and other believers.

Chief Pastor Yi Song-pong of the church, in his preaching "Let us reject injustice and live a righteous life", said An's coming to the North, free from the oppression and temptation by the incarnations of injustice was an act proper to an apostle of gospel who regards love, peace, justice and truth as his maxim and was an expression of his faith.

He called on all the believers to reject injustice and have impartial view to become light and salt in the efforts for terminating the division of the nation and materializing the proposal for achieving peaceful reunification through confederacy.

Rev. An said he saw at Pongsu and Chilgol Churches believers willing to live, true to the intention of the Lord.

He called on the clergymen to eagerly pray for an early reunification of the country in accordance with the God's will, undaunted by anyone's pressure.

Rev. Kang Yong-sop pronounced a benediction at the service.

At the end of the service, the participants prayed for national reunification, singing the song "Our Wish Is Reunification."

Hanchongnyon Delegations Visit Pyongyang

*SK0509043895 Pyongyang KCNA in English
0423 GMT 5 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Chong Min-chu and Yi Hye-chong, who are delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), called at Kim Il-song University on Monday [4 September].

Being briefed on the history of the university that has been splendidly built, [word indistinct] developed as a supreme palace of science and a creditable centre for training national cadres for the past scores of years, the delegates visited the Museum of Natural Specimen and others.

They had a get-together with officials of the student committee and students of the university and exchanged views on matters arising in interchanges and solidarity struggle between students in the North and the South and, in particular, in the struggle for realizing reunification by means of confederacy, and on other matters of concern.

A meeting of teachers and students to welcome the delegates was held at the university gymnasium.

The chairman of the university's Student Committee said that "None other than our students should stand in the van of the struggle for realizing the country's reunification, the 90s' reunification." He appealed to all students to get united in one mind under the banner of Pomchonghangnyon to deter all manner of moves of separatist forces, thereby achieving the reunification in the 90s at an earlier date.

The delegates of Hanchongnyon called upon all youth and students in the South, North and overseas to vigorously go ahead towards the national reunification in the 90s, united under the banner of Pomchonghangnyon.

At the meeting, students gave the delegates commemorative marks and souvenirs in the name of the university's Student Committee.

The delegates visited the Pyongyang Zoo, too.

Delegates To Return to South

*SK0509044895 Pyongyang KCNA in English
0439 GMT 5 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Chong Min-chu and Yi Hye-chong, delegates of the South Korean Federation of General Student Councils (Hanchongnyon) under the South side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghangnyon), in an interview with reporters in Pyongyang on September 4, declared that they will go back to South Korea through Panmunjom, saying why members of the Korean nation cannot cross over the Military Demarcation Line, Panmunjom which Americans may free pass.

Giving impressions of her visit, Chong Min-chu said that all brothers and sisters in the North she met in Pyongyang are noble, clean and simple. She stressed that she could feel pure and simple hearts yet warm minds for national reunification from anybody she met here.

Youth and students, she said, will keep with pledge of hearts the promise for national reunification with an old mother whom she met on Mt. Paektu and who in tears asked her to wage an unyielding, vigorous struggle.

Yi Hye-chong referred to their action program as follows:

Hanchongnyon thinks the activities in the North this time should most preferentially help find and practise the way of developing and strengthening the reunification movement of non-governmental level onto a higher stage.

Preparations to positively greet reunification should be well combined.

We are going to visit Kim Il-song University, major universities in Pyongyang and all provincial student committees from today to actively introduce the life and struggle of the one million fellow students in the South to the students in the North through photo exhibitions of the struggle of Hanchongnyon and video show carrying the life and struggle of fellow students.

We also intend to hold round-table talks and symposiums with students in the North to know well their

will and hope for national reunification and, on its basis, actively impart the youth and students in the North to the fellow students in the South.

At the same time, we will actively find the way of further developing solidarity struggle of Pomsong-hangnyon for national reunification, open-heartedly share dream and ideal of a reunified country before working out an action guideline of our students to greet and prepare the era of reunification on this basis.

We will go back to the bosom of the one million fellow students of Hanchongnyon in the South through Panmunjom, the Military Demarcation Line which should be removed by the efforts of the Korean nation, between the end of September and early October, with a new prospect and plan for the reunification movement of youth and students on the basis of our current activities.

Yang Hyong-sop Greets Uzbek Assembly Chairman
SK0209050195 Pyongyang KCNA in English
0419 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — Chairman of the Supreme People's Assembly Yang Hyong-sop sent a message of greetings to Halimrov Erkin Hamdamovich [name as received], chairman of the Supreme Assembly of the Republic of Uzbekistan, on the national day of Uzbekistan.

Expressing the belief that the friendly relations existing between the two parliaments will develop more favourably in conformity with the desire of the two peoples, the message wished him success in his responsible work.

Greets Kyrgyzstan's Sherimklov
SK0209050495 Pyongyang KCNA in English
0417 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — Chairman of the Supreme People's Assembly Yang Hyong-sop sent a message of greetings to Mezetkan Sherimklovich Sherimklov [name as received], president of the Supreme Soviet of the Republic of Kyrgyzstan, on the national day of Kyrgyzstan.

The message expressed the hope that the friendly relations between the two parliaments will develop on good terms in conformity with the desire of the two peoples, and wished the president and the Supreme Soviet of the Republic of Kyrgyzstan success in their activities.

Meets Mongolian Delegation

SK0409214895 Pyongyang KCNA in English
1509 GMT 4 Sep 95

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — Secretary of the C.C. [Central Committee], The Workers' Party of Korea Hwang Chang-yop today met and had a friendly talk with a delegation of the Federation of Peace and Friendship Organizations of Mongolia led by its President B. Ligden.

Present there were Vice-Chairman of the Committee for Cultural Relations With Foreign Countries Kim Yong-su and Mongolian Ambassador to Korea D. Byambaa.

Daily Urges End to 'Outside Domination'
SK0409113595 Pyongyang KCNA in English
1008 GMT 4 Sep 95

["Great National Unity Is Prerequisite to National Reunification" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — In order to put an end to domination and interventions of outside forces and accomplish the cause of the country's reunification at an earlier date, great unity of the whole nation should be achieved, says NODONG SINMUN in a by-lined article today.

To unite the divided nation into one is essential to achieving Korea's reunification, which means the great unity of the nation, the article says, and goes on:

National reunification the Koreans want is just the reconciliation and unity of the whole nation. The fundamentals of national reunification rest with attaining a genuine reconciliation and unity of the whole nation, not with the matter of some procedures or means. If the whole nation joins minds transcending the differences in ideology, system, political view and religious belief and attains great unity on the basis of it, the fundamental matter in realizing national reunification will be solved and it can help solve other matters easily. Without the Korean nation's great unity, it is hard to think about the independent and peaceful reunification of the fatherland. The nation's great unity is the only way for survival of the Koreans and for reunification.

All Koreans, deeply conscious that the nation's great unity is a prerequisite to national reunification, should subordinate all to the one aim of national reunification and get firmly united on the way to that end, irrespective of party grouping and affiliation, the article stresses.

Resolution Adopted at World Peace Council Meeting

*SK0409113895 Pyongyang KCNA in English
1013 GMT 4 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — A resolution on Korea was adopted at the Asian regional meeting of the World Peace Council held in India.

The resolution said:

The Asian regional meeting of the World Peace Council noted with deep concern that the Korean peninsula remains the most dangerous hot spot in the world.

The meeting unanimously considered that the half-century-long division of Korea greatly hinders unified development of the Korean nation and is the fundamental factor of confrontation and aggravation of tensions in this part of the world.

The meeting holds that the armistice agreement must be replaced with a peace agreement and a new peace mechanism be established at an early date in order to remove military confrontation on the Korean peninsula and realise a durable and lasting peace and reunification.

The United States must respond to negotiation for establishment of a new peace mechanism on the Korean peninsula.

If the hostile relations between the DPRK and the United States are to be removed and the Korean peninsula is to be denuclearized and pacified, the DPRK-U.S. framework agreement must be respected and implemented at an early date.

The meeting contends that Korea must be reunified through a confederacy on the three principles — independence, peaceful reunification and great national unity — which were jointly promised by the North and the South.

South Korea's "National Security Law," which stands in the way of inter-Korean contact and great unity of the Korean nation, must be abolished immediately and the concrete wall, a symbol of division, be pulled down.

Kim Il-song Work Published in Pakistan

*SK0409114095 Pyongyang KCNA in English
1016 GMT 4 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — The Afzal Publishing House of Pakistan brought out in pamphlet "Answers to Questions Raised by the President of the KYODO News Service of Japan", a famous work of the great leader President

Kim Il-song, on the occasion of the 47th birthday of the Democratic People's Republic of Korea.

The booklet says in the preface:

In the work Comrade Kim Il-song, the great leader of the Korean people, gave wise answers to questions as regards the struggle of the Workers' Party of Korea and the DPRK for the building of socialism and the international issues in particular.

The Korean and the world people have suffered a great loss when respected President Kim Il-song, the greatest man, passed away.

Respected President Kim Il-song is the founder of the DPRK and a great man who built an earthly paradise of the working masses which the world envys.

Our publishing house has the honor of publishing the great President Kim Il-song's work "Answers to Questions Raised by the President of the KYODO News Service of Japan" on the occasion of the DPRK's birthday.

Official at UN Says Kim To Assume Top Posts

*OW0209042795 Tokyo KYODO in English
0120 GMT 1 Sep 95*

[FBIS Transcribed Text] Washington, Aug. 31 KYODO — North Korea's de facto leader Kim Chong-il will "very soon" officially assume the communist nation's top leadership, a North Korean diplomat said Thursday [31 August].

"An official inauguration ceremony will take place very soon," the official of the North Korean mission to the United Nations in New York told KYODO NEWS SERVICE.

Kim will officially take both the most powerful posts of head of state and general secretary of the ruling Workers Party of Korea, the official said on condition of anonymity, confirming recent reports over the official succession as early as next month.

The diplomat said Kim already heads the party's Central Defense Commission, another paramount post.

"It is my personal and also the people's desire (for Kim to officially assume the leadership) as soon as possible," the official said.

Kim had been widely seen as poised to take over the posts from his father, the late president Kim Il-song, shortly after his death in July last year.

But while he is believed to be in firm control of the isolated nation, the 53-year-old Kim Chong-il has not assumed the formal leadership.

After a memorial service on the first anniversary of the death of his father in July, however, foreign diplomats and North Korean sources have reportedly said Kim Chong-il is expected to officially assume the top posts in time for a Sept. 9 ceremony for the 47th anniversary of the country's founding and an Oct. 10 anniversary of the party's founding.

Officials of the North Korean mission to the UN had previously rejected answering any questions from the foreign press over the issue of Kim's formal leadership.

The diplomat's comments, though noted as personal, apparently underscore progressing preparations within North Korea for Kim's official succession.

Kim Chong-il Thanks People Aiding Flood Victims

*SK0209020895 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 1 Sep 95*

[FBIS Translated Text] Marshal Kim Chong-il, the great leader [yongdoja] of our party and people, sent thanks to members of the fatherland-visiting compatriots group of Choun-Hokkai Credit Corporation of the General Association of Korean Residents in Japan [Chongnyon], led by its chairman Kim Chong-chung, for supporting the residents in flood-stricken areas during their visit to the fatherland.

From the fact that the whole nation is helping the people in the Sinuiju area, which was stricken by unprecedentedly great flooding, the members of the visiting group keenly realized the genuine superiority of socialism of our own style under which we are highly upholding the respected General Kim Chong-il. They sent relief goods to the residents in the flood-stricken area, together with warm compatriotic love.

A gathering to convey thanks from the great leader Marshal Kim Chong-il was held in the People's Palace of Culture on 1 September.

Attending the gathering were Kim Yong-sun, secretary of the Workers Party of Korea [WPK] Central Committee; other officials concerned including Kim Su-ik, director-general of the General Bureau for Reception of Overseas Compatriots; and members of the fatherland-visiting compatriots group of Choun-Hokkai Credit Corporation of Chongnyon who are staying in the socialist fatherland.

At the gathering, thanks sent from the great leader Marshal Kim Chong-il were conveyed amid enthusiastic applause by the participants. Discussions followed.

The speakers said with deep emotion that the respected General Kim Chong-il — the great leader [yongdoja] and the benevolent father of 700,000 Korean residents

in Japan — highly appraised their acts and even sent thanks to them, thus bestowing great honor.

The speaker stressed that they will deeply cherish forever the honor extended by the respected general and will repay the general's trust and care with patriotic acts.

They pointed out that they will highly uphold the respected general by keeping the fatherly leader's behests and will make characteristic contributions to prosperity and development of the fatherland and to achieving national reunification in the nineties by thoroughly implementing the general's letter dated 24 May 1995.

They said that they will actively carry out patriotic movements and business activities by following the leadership of the respected general and will further glorify the honor and pride of the patriotic businessmen and industrialists.

Thanks Hokkaido Compatriots

*SK0209055195 Pyongyang KCNA in English
0447 GMT 2 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the members of a home-visiting group of compatriots of the Hokkaido Credit Association of the Korea Bank under the General Association of Korean Residents in Japan led by its managing director Kim Chong-chung for having given assistance to flood sufferers during their visit to the homeland.

He also extended thanks to So Kyong-son, a political officer, and Han Song-kil, an employee, of the Yi Ung-kun Unit of the Korean Border Guards for their contribution to the improvement of the people's living standard.

Kim Chong-il's Work Carried by Foreign Papers

*SK0409053595 Pyongyang KCNA in English
0447 GMT 4 Sep 95*

[All newspapers' names are as received]

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — The great leader Comrade Kim Chong-il's famous work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" was carried by the Bulgarian paper TRIBUNA and the Syrian paper AL USUBUU AL RIADH.

A portrait of Comrade Kim Chong-il was printed in papers.

The work appeared in the Indian paper SACHY BIKL SACHY and the Libyan paper AS SHAMS.

The Russian paper PATRIOT NO. 34 devoted a whole page to an article explaining the work.

The paper noted that Comrade Kim Chong-il's work is of great significance for the Russian communists who conduct the movement for revival of socialism. To actively and widely conduct ideological and theoretical activities on the basis of the *chuche* idea and political and ideological work among the people is an important task for the Russian communists.

Noting that Comrade Kim Chong-il clearly elucidated the tasks of ideological work facing the parties which build socialism and the problem of leadership of the party and the working class, the paper said that studying his work is a very urgent matter for the Russian communists who have not realized the organizational unity.

Kim Chong-il Receives Messages From Abroad

SK0209045695 Pyongyang KCNA in English
0410 GMT 2 Sep 95

[All names as received]

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — The great leader Comrade Kim Chong-il received messages of greetings from foreign party leaders on the occasion of the 50th anniversary of Korea's liberation.

The messages came from C.R. Aslam, president of the Pakistan Socialist Party; Hardial Bains, national leader of the Communist Party of Canada (Marxist-Leninist); Indalicio Sayago Herrera, general secretary of the National Leadership of the Central Committee of the Socialist People's Party of Mexico; Marcos Domich, first secretary of the Central Committee of the Bolivian Communist Party; Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru; and Miroslav Grevenicek, chairman of the Central Committee of the Czechy-Morava Communist Party.

The messages extended warm congratulations to Comrade Kim Chong-il on the occasion.

They noted that the liberation of Korea won under the leadership of the great leader President Kim Il-song was a great contribution to the liberation of the whole world, peace and justice, progress and the socialist forces.

They expressed the belief that the Korean people will achieve success in their efforts for the socialist construction and the independent and peaceful reunification of the country under the leadership of Comrade Kim Chong-il.

The messages sincerely wished Comrade Kim Chong-il a long life in good health.

Various Works of Kim Chong-il Studied

SK0509041795 Pyongyang KCNA in English
0412 GMT 5 Sep 95

[FBIS Transcribed Text] Pyongyang, September 5 (KCNA) — Famous works of the great leader Comrade Kim Chong-il were studied and disseminated in different countries.

Seminars on his works "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism" and "Socialism Is a Science" were held by the Group for the Study of Kimchongilism of the Amerindian Action Movement of Guyana, the Society for the Study of Kim Chong-il's Works in Zaire and the Harare, Zimbabwe, Centre for the Study of *Chuche* Philosophy.

Reporters and speakers said that the works seriously analyzed the cause of frustration of socialism in some countries and they were an important guide indicating the way to advance socialism along a new track.

They stressed that the works are the most correct banner to the parties and peoples of different countries struggling for socialism.

They said that the leader of socialist movement is now Comrade Kim Chong-il and wished him a long life in good health for victory of socialism.

Meanwhile, a seminar on the work "On the *Chuche* Idea" was held by the Society for the Study of Kim Chong-il's Works in Zaire.

Kang Song-san at School Year Ceremonies

SK0209045195 Pyongyang KCNA in English
0413 GMT 2 Sep 95

[FBIS Transcribed Text] Pyongyang, September 2 (KCNA) — Opening ceremonies of the school year took place at schools across the Democratic People's Republic of Korea on September 1.

The school children and their parents and teachers significantly greeted the opening day of the school year this year, 20th anniversary of the complete enforcement of the universal 11-year compulsory education.

Premier Kang Song-san, secretaries of the Central Committee of the Workers' Party of Korea [WPK] Kye Ung-tae, Chon Pyong-ho and Han Song-yong who are members of the Political Bureau of the WPK Central Committee; and other senior party and government cadres took part in opening ceremonies of the school year at Kang Pan-sok University of Bereaved Children,

Pyongyang Senior Middle School No.1, Pyongyang Primary School No.4, Pyongyang June 9 Senior Middle School and Samhung Middle School in Pyongyang, and congratulated new pupils and students.

They visited classes of new school children and talked with them and teachers, encouraging them to make greater achievements in carrying through the tasks set forth in the theses on socialist education.

Kang Song-san Attends New School Year Events

SK0409062795

[FBIS Editorial Report] Pyongyang Korean Central Television Network in Korean at 1100 GMT on 1 September carries a 20 minute-report on the attendance of senior party and government officials, including Kang Song-san, premier of the Administration Council; and Reverend An Sung-un from South Korea at the new school year opening ceremonies held at various schools on the morning of 1 September.

The announcer says, "On the significant day of the opening of the new school year, Comrade Kang Song-san, premier of the Administration Council, visited the Kang Pan-sok University of Bereaved Children and encouraged them, seeing the students in class and inspecting the educational facilities. The great leader visited the university on several occasions and gave it specific teachings on the contents and methods of teaching and education, and the great leader Comrade Kim Chong-il sent it modern facilities for teaching and education, and afforded it all his love and consideration to prevent any convenience in the life of the bereaved children. The university's faculty and students were filled with firm resolve to cherish the great leader's behest deep in their hearts and uphold the great leader Comrade Kim Chong-il with loyalty and filial dutifulness to grow to be dependable inheritors of the chuche revolutionary cause."

The announcer then reports the attendance of Kye Ung-tae [member of the Political Bureau of the Workers Party of Korea, WPK, Central Committee] at the new school year opening ceremony held at Pyongyang No. 1 Senior Middle School "in which dwell the warm benevolence and immortal leadership achievements of the fatherly leader and the respected and beloved general who afforded it all his love and consideration to bring up the growing new generation to be revolutionary competent persons equipped with knowledge, virtue, and good health."

The announcer continues to report on the attendance at the new school year opening ceremony by Chon Pyong-ho [member of the WPK Political Bureau Central Committee] at Pyongyang No. 4 Primary School, Han

Song-yong [member of the WPK Political Bureau Central Committee] at Pyongyang Tangyol Primary School, Choe Tae-pok [alternate member of the WPK Political Bureau Central Committee] and Kim Kinam [secretary of the WPK Central Committee] at Pyongyang 9 June Yongbuk Senior Middle School and Pyongyang Nungna Primary School, Hwang Chang-yop, So Kwan-hui, and Kim Yong-sun [secretaries of the WPK Central Committee] at Changdok School, Kang Pan-sok Senior Middle School, and Pyongyang Taedongmun Primary School.

The announcer then says, "Rev. An Sung-un, the South Korean Christian pastor who defected to the northern half of the Republic, saw the children of the Pyongyang Taedongmun Primary School on the opening day of the new school year and congratulated them."

The announcer then concludes the report by noting the attendance of Kim Pok-sin, Kim Yun-hyok, and Chang Chol [members of the WPK Central Committee] at Pyongyang Changgyong Primary School, Tongpyongyang No. 1 Senior Middle School, and Samhung Middle School.

Farmers Urged Not To Waste Harvest

SK0409110195 *Pyongyang Korean Central Television Network in Korean 1100 GMT 3 Sep 95*

[FBIS Translated Text] Farmers of Wonhwa cooperative farm in Pyongwon County are preparing practically for fall harvesting. Embraced with great pride and dignity from working at the farm where the traces of the fatherly leader [suryong] and the great leader [yongdoja] Comrade Kim Chong-il's glorious historic achievements are evident, they are organizing in detail preparations for fall harvesting so that not even a single grain that was raised during all of spring and summer will be wasted.

In particular, under close contact with each other, the mechanization work team and crop raising team are sincerely repairing and putting in good order agricultural machines and agricultural equipment including rice harvesters, tractors, and threshing machines that are necessary for fall harvesting. Therefore, they are thoroughly preparing in advance to guarantee the full operation and full capacity of the machines during the whole period of fall harvesting.

Results of Building Materials Industry Viewed

SK0409114695 *Pyongyang KCNA in English 1023 GMT 4 Sep 95*

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — Building-materials industry brought about century-old changes for 50 years after the foundation of the Workers' Party of Korea [WPK].

In pre-liberation days the building materials industry of Korea was very backward.

Her building-materials base was insignificant under the 40 odd year-long colonial rule of the Japanese imperialists.

The development of the building-materials industry began after Korea's liberation. But, it was ruthlessly destroyed in the three year-long war (June 1950-July 1953) provoked by the U.S. imperialists.

The Workers' Party of Korea put forward a policy on building a self-supporting, modern building-materials industry, and made sure that the building-materials factories were built on a large scale.

The party also laid down a policy on simultaneously carrying on the building up of national building-materials industry and minor local one with a view to properly offsetting the demand of the national economy for building materials.

Under its wise guidance Korea's building-materials industry has steadily developed into a chuche-based, self-supporting industry dependent on domestic raw materials and fuel.

The modernly equipped Sunchon and Sangwon cement complexes with the capacity of millions of tons of cement production each, gigantic cement production bases and some 200 minor cement factories were built in different parts of the country.

The annual output of cement was more than 13 million tons in the 1980s.

Calcium silicate brick production bases with an annual production capacity of 1,000 million bricks are in Anju, Hamhung, Pihyon and other areas.

Production bases of large prefabricated parts, bricks, aluminium sash, plate glass, resin, metal and chemical building materials, sanitary ware, tiles, lighting apparatuses and other kinds are in Pyongyang and other places.

The rapid development of the building-materials industry is a firm guarantee for grand socialist construction.

With the successful fulfillment of capital construction worth tens of billions of won in the third 7-year plan (1987-1993) upwards of 11,000 industrial objects have been commissioned, about 3,200 educational, cultural and health care institutions, public service facilities and dwelling houses for more than one million families built in different parts of the country.

The workers of building-materials industry are effecting innovations in production in order to greet the 50th anniversary of the WPK with signal achievements.

Consumer Goods Factories Increase Production

SK0409130995 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 3 Sep 95

[FBIS Translated Text] On the occasion of the 50th anniversary of the party founding, functionaries and employees of the Hamhung daily necessities general plant, Pyongchon disabled veterans' daily necessities plant, Taesong resin daily necessities plant, Changnyon ceramic ware plant, Huichon Taedonggang steel daily necessities plant, and Hyangsan resin daily necessities cooperative are achieving innovations in production of people's consumer goods.

In the process of vigorously carrying out the struggle to implement the great leader's [suryong] on-the-spot teaching and the dear comrade leader's [chidoja] on-the-spot guidance on producing more consumer goods by exploring and mobilizing the local region's sources of raw materials, functionaries and employees of the Hamhung daily necessities general plant are guaranteeing over 80 percent of the necessary raw materials by themselves and have achieved great results, producing 150 kinds of people's consumer goods.

Functionaries and employees of the Taesong resin daily necessities plant and Pyongchon disabled veterans' daily necessities plant are carrying out enterprise management well by themselves by combining each other's wisdom and strength by upholding the party's intention. Thus, they have been overfulfilling the people's economic targets for scores of years.

In addition, Huichon Taedonggang steel daily necessities plant and Hyangsan resin daily necessities cooperative are exploring and mobilizing inner resolves to the utmost without receiving materials from the state, thus endlessly increasing production of people's consumer goods.

More People Volunteer To Move to Farms

SK0409131695

[FBIS Editorial Report] The following are news reports carried by Pyongyang Korean Central Television Network in Korean at 1100 GMT on 2 September on people volunteering to advance to cooperative farms.

Pyongyang Television carried a one-minute report on Comrade Yi Myong-su, who used to work at the local train stop company of the Pyongyang railroad unit of the Pyongyang railway bureau, voluntarily advancing to the Hwajin cooperative farm in Pyongwon County, South Pyongan Province with his family. The report stated that Comrade Kim Chong-il bestowed great benevolence by personally reading the letter they sent him. The report ends by stating that the employees warmly bid them

farewell, they who are leaving determined to defend the duties of youth vanguards and "uphold the respected and beloved general by producing more grain."

Pyongyang Television then carried a one-minute report on Comrade Kim Sun-tok, who used to serve as deputy dean of the Metallurgical Industry Department of the Mining and Metallurgical University, volunteering to advance to the general farm in Sondong County with his family, "embraced with the firm determination to uphold our party with rice."

This report was followed by another one-minute report stating that Comrade Kim Il-kyong, who used to work as a KOREAN CENTRAL NEWS AGENCY reporter, voluntarily advanced to Songjon-ri of Tongchon County, Kangwon Province with his family "embraced with the single blazing determination to all the more uphold the respected and beloved General Kim Chong-il through producing more grain by thoroughly implementing the great leader's lifetime teaching." The report concludes by saying that his fellow employees bid him and his family farewell and residents of Songjon-ri welcomed them.

Strengthening of People's Government Stressed

*SK0409145195 Pyongyang Korean Central
Broadcasting Network in Korean 2240 GMT 3 Sep 95*

[Unattributed talk: "Strengthening the People's Government and Enhancing its Function and Role Are a Firm Guarantee for the Victory of Socialism, Communism"]

[FBIS Translated Text] The working class party, which takes over sovereignty, should strengthen the people's government and constantly enhance its function and role. This is one of the key matters that determines the success or failure of the revolution, as well as the success of the socialist, communist construction.

We should strengthen the people's government and constantly enhance its function and role to independently and creatively solve all problems in the socialist, communist constructions. We can also victoriously advance the historic cause for achieving the popular masses' independence. Strengthening the people's government and enhancing its function and role are the firm guarantees for the victory of socialism, communism.

The great leader Comrade Kim Il-song taught: Strengthening the government of the Republic, a powerful weapon in revolution and construction, and enhancing its function and role are the important guarantees for successfully achieving the cause for modeling the chuche idea on the whole society.

Strengthening the people's government and enhancing its function and role have become a firm guarantee for

the victory of socialism, communism. Above all, this is because the people's government is a very comprehensive political organization. The work to build a socialist, communist society is honorable and rewarding in completely achieving the popular masses' independent demands based on their creative ability. At the same time, it is a difficult and complicated work. Therefore, the socialist, communist construction can be successfully carried out only under the comprehensive political organization that represents the popular masses' independent demands and interests, and that organizes and mobilizes their creative ability on a whole social scale.

The people's government is the most comprehensive political organization that represents the popular masses' sovereignty, and that organizes and mobilizes their creative ability. As the comprehensive political organization, the people's government is the representatives of the popular masses' independent demands and interests.

The popular masses' independent demand is that they want to live as masters of the world and their destiny, completely freeing themselves from all kinds of subjugation and restriction. The basic objective of the socialist, communist construction is to completely achieve it. Therefore, a political organization that can represent the popular masses' independent demands and interests on the whole social scale should exist to build the socialist, communist society. Such a political organization is the people's government.

Under the party's leadership, the people's government prepares all policies by analyzing, synthesizing, and generalizing the popular masses' intent and demands. As a result, it makes their independent demands become the state's intent and the entire social-oriented demand. This shows that we cannot think about the achievement of the popular masses' independent demands apart from the strengthening of the people's government and enhancement of its function and role.

As the comprehensive political organization, the people's government is also an organizer and mobilizer for the creative ability of the popular masses. The popular masses' creative ability is a power that objectively and consciously remolds the world, and that pioneers their destiny. This inspires the socialist, communist construction. Therefore, the success or failure of the socialist, communist construction depends upon how to organize the popular masses' creative activity.

The people's government enhances the popular masses' creative ability through its educational and cultural role and, also, through its unified command, vigorously organizes and mobilizes it into the revolution and construction.

We should strengthen the people's government and enhance its function and role to guarantee the popular masses' independence, to conduct the creative activity in a unified manner, and to carry out the socialist, communist construction.

Another reason for the strengthening of the people's government and the enhancement of its function and role becoming the firm guarantee is that the people's government is the powerful means to achieve the remodeling of the people's ideology, nature, and society through the three revolutions. The work of remodeling nature, people's ideology, and society are the three areas in the popular masses' creative activity for achieving independence. The communist society is mankind's ideal society where the popular masses can become the complete masters of nature, society, and their own lives. Therefore, to build socialism, communism, we should strongly lay material and technological foundation for socialism, communism by vigorously carrying out the work to remodel nature. By accelerating the work of remodeling the people's ideology, we should foster all members of society to become true communist human beings. In addition, by properly carrying out the work to remodel society, we should develop social relations in compliance with communist demands.

A powerful means for reforming social relations in the context of the relationship between nature and man in compliance with the demands of communist society is the people's government. The people's government vigorously accelerates the nature remaking work and socialist economic construction by enhancing its function and role. The people's government organizes and mobilizes the popular masses' creative activities in the nature remaking work and thus consolidates the material and technological basis of socialism and communism and develops the people's material life. It also plans socialist economic construction on the state level in a unified manner in compliance with the innate demands of socialist society by playing the role of economic organizer and directly organizes and commands production, distribution, accumulation, and consumption. Therefore, only under the people's government's unified and planned guidance can a socialist economy be built and operated in compliance with the popular masses' common demands and interests, and only then can socialist and communist construction be accelerated vigorously.

The people's government is also a powerful means for the human remodeling work to raise people in a communist manner. By playing its role of cultural educator, the people's government raises people into communist people equipped with independent ideology and consciousness and creative capability. This is possible only through the people's government's role as cultural ed-

ucator, the educational work to raise people's independent consciousness and creative capability, and the public health work and physical education work to soundly develop the people's powerful physical strength based on revolutionary principles.

The people's government is a powerful means to develop social relations in compliance with communist demands by accelerating the social reform work. The popular masses cannot reform social relations in compliance with their own demands without strengthening the people's government. Only through the people's government's political role can all exploitative relations be removed and a socialist system built; can class differences between workers and peasants be removed and a classless society built; and can the political, economic, and cultural systems be continuously consolidated and developed and thus the communist social relations eventually completed.

Strengthening the people's government and enhancing its function and role is a firm guarantee for a socialist and communist victory. This is related to the fact that the people's government plays a dictatorial role against antisocialist elements. Socialist and communist construction is accompanied by a tense struggle against hostile elements and imperialists.

Under circumstances in which the imperialists and reactionaries continue their antisocialist maneuvers and in which there exist insidious elements that have ties with them, the socialist government, as a weapon of the revolution, must always ensure that antirevolutionary and antisocialist elements do not grow. They must also frustrate, in a timely manner, maneuvers by the imperialists and reactionaries to hinder revolution and construction and destroy the socialist system.

The people's government considers genuine democracy — which fully guarantees the broad strata of the popular masses, including workers and peasants, genuine freedoms and rights in all fields of state and social life — to be a basic method of its activities, while it exercises dictatorship on an absolute minority of class enemies who infringe on the people's interests.

Strengthening the people's government and enhancing its function and role is a firm guarantee for successfully and without deviation destroying the enemy's maneuvers and development. It is also a guarantee for socialism and communism in which the popular masses' independence is realized.

Like this, strengthening the people's government and enhancing its function and role is a firm guarantee for a socialist and communist victory.

Our people, who have victoriously advanced in various stages of development of the revolution since the people's government was founded, have keenly realized through their own experience that strengthening the people's government and enhancing its function and role is a firm guarantee for a socialist and communist victory.

We must further strengthen the people's government and enhance its function and role by all means under the party's wise leadership and thus brilliantly carry out the historic cause of building socialism and communism.

Ideology in Achieving Socialism Stressed

SK0409115195 *Pyongyang KCNA in English*
1029 GMT 4 Sep 95

["NODONG SINMUN on Deepening Party's Ideological Work With Chuche-Oriented Theory on Ideology" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, September 4 (KCNA) — NODONG SINMUN today stresses the need to constantly deepen ideological work with the chuche-oriented theory on ideology which was indicated by the great leader Comrade Kim Chong-il in his work "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism".

Comrade Kim Chong-il said in the work that taking ideology as the basic factor and giving priority to ideological work is the key to triumphantly advancing and consummating the cause of socialism.

The editorial says it is the invariable principle of the Workers' Party of Korea to educate the people on the basis of the theory on ideology and accelerate the building of socialist economy and culture on this basis.

Our strength to smash the anti-socialist moves of imperialists with the revolutionary offensive lies in political and ideological might, the editorial notes, and says: We must take hold of the theory on ideology and constantly strengthen ideological work, and thus firmly build our revolutionary ranks into a loyal and filial entity into which any alienable ideological elements cannot be infiltrated.

Referring to the importance of acquiring the justness and truth of the theory on ideology through the developing reality, it goes on:

The course of the collapse of socialism in some countries shows that if the working-class party ignores the theory on ideology and abandons ideological work, it will make the people ideologically sick and corrupt everything socialist.

Through such fact, we should deeply recognize how great the role of ideology is and how important the

ideological work is in accomplishing socialism. And we should deeply cherish greater pride and self-confidence in being guided by the great party leading the revolution and construction without slightest deviation, giving fullest play to the advantages and might of the socialist idea.

South Korea

Defense Minister Reaffirms Support for MAC

SK0309021695 *Seoul THE KOREA HERALD*
in English 3 Sep 95 pp 1, 10

[Report by Yi Sung-yol]

[FBIS Transcribed Text] Honolulu — South Korean Defense Minister Yi Yang-ho and U.S. Secretary of Defense William Perry reaffirmed Friday (Saturday KST [Korean Standard Time]) that they will maintain the existing Military Armistice Commission (MAC), brushing aside a North Korean bid to cripple the MAC structure.

Yi and Perry agreed that the armistice commission, created by the 1953 Korean Armistice Agreement which brought a cease-fire to the three-year Korean War, will remain valid till a new peace regime is established for the Korean Peninsula.

They also agreed to make continued efforts to persuade North Korea, which has been boycotting the MAC dialogue since March 1991, to return to the armistice commission table.

Yi and Perry, stressing the need for direct inter-Korea dialogue, reconfirmed their rebuff of a North Korean suggestion for direct talks between U.S. and North Korean generals that would exclude South Korea.

They made the agreements in a meeting at a Waikiki hotel. They came here to attend a three-day commemoration marking the 50th anniversary of "Victory-over-Japan Day, [V-J Day]" which signaled the end of World War. The results of their meeting was briefed to reporters by Maj. Gen. Pak Yong-ok, assistant defense minister for policy.

Minister Yi later met Eto Seishiro, director-general of Japan's Defense Agency, for talks on bilateral security issues.

U.S. President Bill Clinton came to Hawaii Thursday to lead the V-J Day commemoration.

The two ministers further agreed that military dialogue between the United States and North Korea will be held within the MAC structure, vowing to make a joint effort to tackle the North Korean attempt to cripple the MAC structure and the armistice agreement.

The U.S.-led U.N. Command in South Korea, in response to a North Korean overture for direct talks between North Korean and U.S. generals, has said that a U.S. general will lead the UNC-side representative to the MAC, vowing to maintain and respect the MAC structure.

North Korea withdrew its delegation to the MAC in May 1994. It expelled the Polish and Czech delegations to the Neutral Nations Supervisory Commission, the monitoring body of the armistice agreement, in February this year and April 1993, respectively. It was done in a bid to mangle the MAC function and replace the armistice agreement with a peace pact with the United States, excluding South Korea. Chinese MAC delegation withdrew in December last year.

Administration officials in Seoul say that mutual confidence-building and arms control between South and North Korea should precede any such peace pact, adding that such a pact should first be signed between Seoul and Pyongyang.

Yi and Perry, who will meet again early November in Seoul for the annual Security Consultative Meeting (SCM), also stressed the importance of the ROK-U.S. joint defense preparedness, given the uncertainty of the North Korean situation following the death of North Korean leader Kim Il-song in July 1994.

They shared the view that the SCM will remain the key consultative body between the two countries to deal with bilateral defense and military issues. President Kim Yong-sam, when he visited Washington D.C. in July, agreed with U.S. President Bill Clinton to establish a bilateral consultative body on diplomacy and other issues.

Yi and Perry also agreed to continue a joint study to develop long-term bilateral cooperative ties toward the 21st century in the changing security environments both inside and outside of the Korean Peninsula.

The agenda in the Yi-Perry meeting also included North Korea's nuclear program and the power succession in Pyongyang, but May. Gen. Pak refused to brief in detail.

In a separate meeting, Yi and Eto of Japan exchanged views on the security situation in Northeast Asia and agreed to strengthen military cooperation and exchanges between the two countries.

Minister Yi requested Japan's prior information when ever Tokyo has military contact with North Korea.

Yi invited Eto to visit Seoul.

Earlier in the day, Minister Yi, one of the foreign dignitaries invited to the 50th anniversary of the V-

J Day commemoration, joined President Clinton on a troop review at the Wheeler Army Airfield.

More than 8,000 soldiers, sailors, airmen and Marines honored President Clinton in the first of several ceremonies marking the end of the war with Japan 50 years ago. The U.S. Army Golden Knight parachute team, delivering colors, dropped into the airfield.

A parade of ships and aircraft off the Waikiki beach followed, with aircraft carrier USS Carl Vinson and an international flotilla of naval vessels appearing before thousands of veterans and beach-goers. Scores of U.S. aircraft flew over the flotilla.

In the evening, the State of Hawaii sponsored a night of entertainment for World War II veterans, volunteer workers and homefront workers.

On Saturday, the commemoration continues with memorial and wreath-laying services at the Punchbowl National Cemetery and on board the USS Carl Vinson and the Arizona Memorial. A two-mile parade by thousands of veterans through downtown Waikiki will follow. Comedian Bob Hope, who was the premier USO entertainer during World War II, will be the grand marshal for the veterans' parade.

American and Japanese veterans, once enemies, will come together as friends Sunday, in a ceremony of in which the Friendship Plaque Dedication will take place at the Punchbowl National Cemetery.

Hawaii Gov. Ben Cayetano, who was only five years old when the war ended, said he views all of the events as part of a celebration of peace, rather than one honoring the war victory.

Adm. Richard Macke, commander-in-chief of the U.S. Pacific Command, said the commemorative events honor "veterans and their fallen comrades who have given us 50 years free of global warfare and the hope of 50 more years of peace."

Discord Alleged Over U.S. Liaison Office Plans *SK0409034495 Seoul KYONGHYANG SINMUN* *in Korean 4 Sep 95 p 2*

[FBIS Translated Text] At a time when there has been absolutely no progress in the improvement of relations between North and South Korea, the United States is moving to improve relations with North Korea at an early date, including the establishment of North Korea-U.S. liaison offices. Discord has been created between the ROK and the United States as a result of this.

A relevant government official on 3 September stated that "The U.S. plan to send a large-scale negotiation

team for the establishment of liaison offices to Pyongyang later this month was prompted by its policy, which was already formulated internally, for the early establishment of liaison offices. It is likely that the United States has designated mid-October as the time to open the liaison offices, when full-scale negotiations for the agreement on the provision of light-water reactors are to resume." This official pointed out that "this U.S. policy is a step back from the principle of 'harmonious and parallel progress' on which the ROK and the United States reached an agreement late last year pertaining to the speed of improving North Korea-U.S. relations. Thus, the ROK Government is calling for a prudent U.S. attitude."

Meanwhile, it was learned that the United States recently held a working-level contact with North Korea in New York. During the contact, the two sides reached an agreement, in principle, that about a 15-member large-scale negotiation team for liaison offices, led by Jeff Goldstein, officer in charge of North Korean affairs in the U.S. State Department, will be dispatched to Pyongyang on 25 September.

In view of the fact that the past negotiation teams were composed only of three to four members, the negotiation team to be dispatched this time is considered an exceptional one. Besides, the team includes numerous technicians in the electronics and telecommunications fields. This being the case, experts believe that this team is in fact a team to prepare for the opening of liaison offices.

Seoul Seeks Environmental Review of U.S. Bases

SK0309034295 *Seoul HANGUK ILBO in Korean*
3 Sep 95 p 23

[Report by Hwang Sang-chin]

[FBIS Translated Text] The government decided on 2 September to strongly demand the right to examine the environment contamination status in U.S. military bases in Korea during the negotiations with the United States for the amendment of the Status of Forces Agreement [SOFA]. The government intends to carefully examine the state of pollution on military bases caused by various factors, including waste fuel and chemical materials left when U.S. troops move out to another place. In the event the degree of pollution goes beyond the permitted limit, the government intends to make it an obligation for the U.S. troops to restore the polluted site to the original condition.

According to the Ministry of Environment, during a series of meetings held recently among relevant government offices to discuss measures for the amendment of the SOFA, the government decided to actively push for

the establishment of the right to examine the environment pollution status to enable our government to check, as occasion calls, for polluted materials discharged by U.S. troops, as well as the operational status of their pollution prevention facilities.

A high-ranking government official said: The ROK has not checked even once various environment pollution situations caused by the operation of facilities in the U.S. Armed Forces in the ROK since the U.S. troops were first stationed in the ROK. Since concern over in-base environment pollution by U.S. Forces in the ROK has been increasing, the government decided to actively push for the provision to examine this during negotiations to revise the SOFA.

In particular, the government is reviewing a plan to expressly stipulate that in the event that a U.S. military unit in the ROK cannot restore the polluted in-base and surrounding environment to the original status when moving or withdrawing, the United States shall compensate the ROK Government for the expenses incurred for the recovery of the site.

The government also decided to compare "the regulations on environment for overseas forces" formulated by U.S. Defense Department, with domestic environment allowable limits, and to demand to the U.S. side that the strictest standard be applied when the ROK side examines the practice of discharging polluted materials in U.S. military bases, as well as their prevention facilities.

It was also learned that the government will put forward a plan to make a U.S. military unit, in consultation with local autonomous organizations, shoulder a certain amount of money for jointly using basic environment facilities — such as sewage disposal plants, which are already unpopular facilities among residents — as part of its civilian support projects.

Speculation on Official Posts for Kim Chong-il

Jul Ascension in Party

SK0409054995 *Seoul MUNHWA ILBO in Korean*
4 Sep 95 p 2

[Report by Yi Pyong-son]

[FBIS Translated Text] On 4 September, a source well informed in North Korean affairs revealed that Kim Chong-il, secretary of the North Korean Workers Party, already took office as general secretary of the Workers Party, and that his assumption to the presidency will not take place within this year.

The source pointed out that "it is highly likely that a closed-door meeting of the Workers Party Central

Committee was held in Pyongyang just before 8 July — Kim Il-song's first year death anniversary — and that Kim Chong-il was elected as general secretary during the session. This fact has been supported by NODONG SINMUN editorials and various situations that have developed since 8 July."

He also noted that "the meeting of the North Korean Workers Party Central Committee, not to mention the result of the meeting, was not announced in advance but was revealed at a later date. Therefore, it is highly likely that Kim Chong-il's inauguration as general secretary will be officially announced on 10 October, the day marking the 50th anniversary of the founding of the Workers Party."

He speculated that "there is a great possibility that North Korea will leave the post of president of the state vacant for a considerable period of time. This being the case, Kim Chong-il would not take office as president on 9 September — the anniversary of the founding of North Korean Government — or 10 October."

Succession Likely Postponed

*SK0409061195 Seoul TONG-A ILBO in Korean
4 Sep 95 p 2*

[FBIS Translated Text] It has been learned that Kim Chong-il's official succession to power will probably be postponed until around the end of this year or early next year because of the flooding that hit North Korea hard recently and the food shortage. Until recently, 10 October, the 50th anniversary of the North Korean Workers' Party [WPK], had been thought of as a very likely time for his official power succession.

A senior government official concerned on 3 September said: Under the circumstances where North Korea is in a national disaster situation, North Korea will find it virtually impossible to create a festive atmosphere for Kim Chong-il's succession to power. Therefore, the power succession is expected to be postponed for quite some time.

The official continued: We have not observed any particular sign that the power succession is imminent in North Korea. Since Kim Chong-il already has real power, there will be no problem for him to rule even if the power succession is delayed a little more.

The government had thought that North Korea would think it hardly possible to celebrate the 50th anniversary of the WPK founding leaving the position of the party general secretary — which became vacant after Kim Il-song's death — unfilled, and anticipated that Kim Chong-il would succeed to at least one of the two

posts, the party general secretary's or the North Korean president's post, right before 10 October.

Kim Chong-il has been ruling North Korea with the title of the supreme commander of the Army since Kim Il-song's death in July of last year.

Kim Chong-il Reportedly Emphasizes Law, Order *SK0509062795 Seoul Chollian Database in Korean 0129 GMT 5 Sep 95*

[From CHOSON ILBO; date not specified]

[FBIS Translated Text] It has been learned that Kim Chong-il recently issued instructions to the Ministry of Public Security of the Administration Council stating "the functionaries of the Ministry of Public Security should become dreaded wild beasts [musoun maengsu] against the hostile elements [chokttae punjadul]," thus stressing thoroughgoing measures for hunting down dissident forces and maintaining law and order.

According to NAEWOE on 4 September, the latest issue of the North Korean Workers Party organ NODONG SINMUN reported the remarks by Kim Chong-il, who stressed the role and activity of the Ministry of Public Security, stating: "All public security officials should become gentle lambs to the residents and true faithful servants who are ready to lay down their lives for them, but should become dreaded wild beasts against the hostile elements."

That North Korea published this remark by Kim Chong-il is interpreted to show Kim Chong-il's emphasis on the Public Security Ministry's active measures to cope with the restlessness in public sentiment and the deterioration of law and order resulting from the food shortages and the spread of infectious disease in the wake of the recent flooding in North Korea.

Business Leaders Barred From Visiting North

*SK0409110695 Seoul YONHAP in English
0817 GMT 4 Sep 95*

[FBIS Transcribed Text] Seoul, Sept. 4 (YONHAP) — The government is unlikely to allow several business group leaders' plan to visit North Korea for the time being.

"Full-scale inter-Korean economic cooperation through the visits to North Korea by business leaders will not be allowed due to some delicate issues unresolved between South and North Korea," a government official said on Monday.

He explained that it is a very delicate time in inter-Korean relations because of such incidents as the forced hoisting of a North Korean flag on one South Korean

rice-carrying vessel, the detention of another ship at a North Korean port, the kidnapping of clergyman An Sung-un and the delayed repatriation of the Usong 86 fishing trawler.

Accordingly, a visit to the socialist country before or after Chusok, the full moon festival, by Hyundai Business Group's honorary Chairman Chong Chu-yong will not be realized for the time being. Recently, Chong has sounded out the possibilities of a visit for business purposes.

"As current economic cooperation between the two Koreas is being pursued as model cases and an investment guarantee agreement has not yet been signed, full-fledged inter-Korean economic cooperation by the business leaders will be difficult," the official added.

Economic Agenda Set for 27 Sep N-S Talks

SK0509081595 Seoul YONHAP in English
0739 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — Officials from South and North Korea will meet in Beijing on Sept. 27 for another round of inter-Korean talks, the third of their kind since Seoul officials met their northern counterparts in the Chinese capital last June to discuss rice aid to the communist North, National Unification Minister Na Ung-pae said Tuesday.

Na said that the government is not considering providing additional rice assistance to the North at the moment.

The Seoul government would consider additional aid to the North only if it makes a request for such help after the United Nations completes its assessment of the damage caused by the recent flooding there, Na added.

The third round of South-North Korean talks will deal mainly with issues related to economic cooperation between the two Koreas, he said.

"North Korea's chief delegate to the Beijing talks Chon Kum-chol proposed on Aug. 18 to hold the talks after Sept. 20, but we counterproposed to have the meeting on Sept. 27," Na said.

On the agenda, Na said, "The issue of economic cooperation will be the main topic, but we will also demand that the North explain why it undermined the assistance which was made out of our sense of brotherhood, with regard to the capture of the Usong No. 85 fishing trawler, the kidnapping of clergyman An Sung-un and the slander and remarks surrounding the rice aid by the (North) Korean Workers' Party Secretary Kim Yong-sun."

"Sending the North 150,000 tons of rice as is planned constitutes the greatest aid (South Korea has) given to

the North," said Na responding to questions raised by reporters on whether the government has any plan to provide the North with additional rice.

"We have no plan to provide the North with additional (rice) aid nor to send assistance because of the recent floods," he emphasized.

However, he said that the government will consider the issues if the North makes such requests at the Beijing talks.

He urged the North to foster an atmosphere in which South Koreans decide whether additional assistance to the North should be provided. "The issue of additional rice aid to the North should be decided on the basis of a national consensus."

In addition, Na stressed the need for Japan to maintain close cooperative relations with South Korea with regards to providing flood relief-aid to the North, citing the impact the assistance could have on South-North Korean relations.

He said that Vice Finance and Economy Minister Yi Sok-chae will continue to represent South Korea at the Beijing talks "because the third round of talks will mainly address economic cooperation between the South and North."

'Serious' 1996 Northern Grain Shortage Predicted

SK0409094095 Seoul CHUNGANG ILBO in Korean
4 Sep 95 p 2

[FBIS Translated Text] It has been predicted that North Korea will face a food shortage of 3.5 or 4 million tonnes of grain next year due to the recent torrential rains, which would be the worst situation since 1989.

Accordingly, North Korea has no alternative but to depend on the ROK, the United States, and Japan to deal with its food shortage. Depending on the development of the situation, North Korea's food shortage may pose a threat to peace on the Korean peninsula.

Dr. Kim Un-kun, researcher of the ROK Rural Economic Institute, who is an expert on North Korean agriculture, stated on 2 September that "the characteristic of the recent torrential rain was that it was concentrated on areas in North and South Pyongan Provinces, as well as in the Hwanghae provinces, the grain-producing regions of North Korea." He also predicted that "North Korea will face a serious food shortage of 3.5 or 4 million tonnes next year if it is not given food aid from outside."

Dr. Kim's estimate of the shortfall in grain output is half of North Korea's annual grain demand, which is 6.72 million tones.

North Korea produced approximately 3.88 million tonnes of grain in 1993 under a situation in which crops were damaged due to cold weather.

Floods Said To Halt Northern Military Training

*SK0409021595 Seoul CHOSON ILBO in Korean
4 Sep 95 p 2*

[Report by Kyong Yong-won]

[FBIS Translated Text] It has been learned that at least 100 people died or are missing in North Korea due to the mid-August torrential rains, and 200,000 hectares of farmland were flooded, thus suffering great damages. As a result, North Korea even ordered the entire Army to suspend its training activities.

A relevant government official on 3 September stated that "based on various information sources, the government confirmed the extent of the damages, and some information even indicates that as many as 1 million hectares of farmland were flooded. As a result, North Korea's food shortage is expected to become more serious." This official also said that "because of the damages caused by the flooding, the North Korean authorities ordered the closure of some Air Force bases in Hwanghae Province, and ordered the entire Army to suspend training activities and undertake work to repair the damages."

Japan Considers Flood Relief Aid to North

*SK0509023495 Seoul YONHAP in English
0211 GMT 5 Sep 95*

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — Japan is considering providing aid to flood-stricken North Korea after the findings of a United Nations report are presented by an expert team which the international organization dispatched to the communist country to assess the damage there, a Foreign Ministry spokesman said Tuesday.

Quoting Japan's Asian Bureau Director-general Ryojo Kato [name as received] who met with his South Korean counterpart Kim Ha-chung in Tokyo Monday, the spokesman said that Kato promised that his government will maintain close cooperative efforts with the South Korean Government in providing the North with assistance.

Kato also said that the outlook for holding further negotiations to establish normalized relations with the North is not clear considering the fact that no contacts were made recently between the Governments of North Korea and Japan on the issue, according to the spokesman.

The Tokyo government will also keep a close eye on the attitudes of the North Korean Government before

deciding to provide additional rice aid to North Korea, the spokesman said.

According to the spokesman, Kato was referring to remarks recently made by (North) Korean Workers' Party Secretary Kim Yong-sun that Japan provided the North with rice as compensation for past wrongs it committed against Koreans.

UN Team Reports on Northern Flood Damage

*SK0209010595 Seoul KBS-1 Radio Network
in Korean 0000 GMT 2 Sep 95*

[FBIS Translated Text] The UN flood survey team visiting North Korea has made an official announcement that North Korea suffered three rounds of flooding during the two-month period of July and August and that 150,000 persons lost their dwellings and the rice harvest is expected to be reduced this year by 300,000 tonnes.

The flood survey team from the UN Department of Humanitarian Affairs [DHA] visiting North Korea has issued an official interim report today on its three-day on-the-spot survey since 30 August and said that North Korea is urgently requesting aid for food, clothing, and pharmaceuticals.

The UN survey team said Hwanghae Province was the area hardest hit by torrential rain and flooding from 17 to 20 August when heavy rain of up to 600 millimeters fell per day.

Suffering from food shortages, North Korea has already received rice aid from the ROK and Japan, and the flooding may well cause more severe food shortages for North Korea.

Columnist Says Northern Flood Damage Exaggerated

*SK0409102595 Seoul HANGUK ILBO in Korean
4 Sep 95 p 5*

[From column by Chang Myong-su: "Flood Disaster in North Korea"]

[FBIS Translated Text] Amid news reports that North Korea's flood disaster is very serious, the fact that North Korea has exaggerated the scope of damage well beyond the actual damage has become the talk of the town. By atypically requesting emergency relief from the United Nations recently, North Korea reported the status of the damage. According to this report, the total amount of the damage is \$15 billion, reaching three-fourth of its gross national product, and the number of victims totals 5.2 million — one-fourth of the entire population.

Heavy rain fell in North Korea from mid-July to mid-August, and torrential rain up to 1,000 to 1,300 millimeters fell in areas of Chagang Province and North Pyongan Province. As a result, the downstream portions of the Yalu and Chongchon Rivers were flooded, which caused enormous damage. In addition to serious conditions in which the means for the protection and control of roads, houses, mountains and rivers, are poor, and a shortage of materials, including food, is serious, North Korea is now suffering a flood disaster. This being the case, it is not difficult for us to imagine how difficult a situation North Korea faces.

However, the scope of flood damage revealed by North Korea is unconvincing. It is highly likely that the number of flood victims may be the total population in 12 cities and provinces and 145 counties that were hit by flooding. The North Korean report indicates that "5.2 million people suffered under the torrential rains." In addition, the possibility that the amount of damage includes damage to all the properties in the affected area, large or small, is very high. However, the monetary value of the damage, placed at \$15 billion, is indeed preposterous when compared to North Korea's estimated 1994 GNP of \$21.2 billion, \$2.16 billion in total trade, and \$5.66 billion in national defense expenditures.

Since delegates of the UN Department of Humanitarian Affairs [DHA] are now visiting North Korea to examine the status of damage, the truth will soon be revealed. Meanwhile, however, many people believe that North Korea's exaggeration of the amount of flood damage is intended to obtain as much aid money as possible. North Korea's pride may be hurt by this. However, North Korea would otherwise be helpless, in view of its image in the international community.

If one attempts to find hope from North Korea's act of "exaggerating the amount of flood damage," it is the fact that North Korea is now openly requesting assistance from the international community, and using its brains to obtain more assistance. It is indeed a fortunate change for North Korea, which in the past tightly closed its doors while clinging to the *chuche* idea even amid starvation. We believe that although North Korea — a communist society — cannot easily abandon the communist idea and line, it will eventually learn good sense from living together with and repeatedly accepting help from its neighbors when it is in a difficult situation.

Reports note that North Korea is also suffering from cholera in addition to flood damage. This being the situation, we should rightly send medicine to the North Korean people. The government, however, should show

a mature negotiation ability to honor our pride while extending our compatriotic love by learning a lesson from North Korea's act of "slapping one's benefactor after receiving rice from him." In other words, we should send relief goods but should demand a courteous attitude from those who receive it.

Army Sergeant Defects to North 4 Sep

SK0509015595 Seoul YONHAP in English
0028 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — An Army sergeant first class [SFC] defected to North Korea Monday [4 September] afternoon after crossing the demilitarized zone (DMZ), the Defense Ministry said Tuesday.

The deserter who fled his area of duty at 4 PM [0700 GMT] was identified as SFC. Han Yun-su, 25, a member of the Army's 25th Division stationed at Paju, Kyonggi Province, a ministry spokesman said.

Han's defection was confirmed through a North Korean radio broadcast at 9:15 PM Monday evening.

A combined team with members from the Defense Ministry, Army headquarters and Third Army Command is presently investigating what caused Han to defect to North Korea.

In addition, there were no shots fired between South and North Korea when Han crossed the DMZ, the spokesman added.

Problems Alleged in North-Chongnyon Economic Ties

SK0409093595 Seoul MAEIL KYONGJE SINMUN
in Korean 4 Sep 95 p 2

[By reporter Chong Po-chol]

[FBIS Translated Text] It has been revealed that since Kim Il-song's death, economic cooperation between North Korea and the General Association of Korean Residents in Japan [Chongnyon] has become extremely aggravated. It has also been confirmed that relations between North Korea and Chongnyon are rapidly changing from political relations which had emphasized ideology, to business relations centered on pragmatism.

According to related organs, including the Korea Trade and Investment Promotion Agency [KOTRA], it has been learned that from 1984, when the joint venture law was enacted, to 1993, there were 130 cases of Chongnyon business investment in North Korea. But since the establishment of the North Korean Mangyongdae disabled veterans fountain pen plant and the Mangyongdae joint venture resin company, which was jointly

established with the Chongnyon-related Yonghwasong company in February 1994, not even one case of investment has been concluded.

Along with this, only 30-40 plants which were invested in by Chongnyon are currently under operation. It has been learned that most of the other plants have become bankrupt or have suspended their operations in the 1990's.

North Korea, which became aware of a crisis, has successively held the seventh and eighth Board of Directors meeting of the Choson International Joint Venture Company, which was established to carry out joint venture projects with Chongnyon, in July 1994 and May 1995. It has been confirmed that during the meetings, North Korea encouraged that projects for economic assistance toward the North be carried out.

Dr. Pae Chong-yol of the Export-Import Bank said that the reason that economic cooperation between North Korea and Chongnyon has become aggravated is that relations between North Korea and Chongnyon have changed from political relations to business relations; that brothers Chon Yon-sik and Chon Chin-sik, former vice chairmen of Chongnyon who both made great contributions in Chongnyon's early joint venture projects, have died, and businessmen are deserting the organization; and that North Korea's investment environment has become aggravated due to international economic sanctions since North Korea withdrew from the Nuclear Nonproliferation Treaty in March 1993.

Mr. Yim Ul-chul of KOTRA, who compared the relations between North Korea and Chongnyon before and after President Kim Il-song's death, revealed: "Due to a change toward a bias toward Western businesses, especially Japanese businesses, under the Kim Chong-il system, dissatisfaction among Chongnyon-related businesses has increased. It is expected that rather than ideological ties, relations surrounding economic profits between North Korea and Chongnyon will be adjusted in the future."

Third Death Reported on Seized Fishing Boat

SK0509061495 Seoul YONHAP in English
1104 GMT 4 Sep 95

[FBIS Transcribed Text] Tokyo, Sept. 4 (YONHAP) — A third crewman of the South Korean fishing boat, Usong-ho No. 8, seized by North Korea in the West Sea [Yellow Sea] last May, died of a wound suffered during the seizure, but North Korea did not disclose it on purpose, the newspaper SANKEI SHIMBUN here reported Monday [4 September].

Two crewmen were killed instantly when North Korea fired upon and seized the unarmed boat which strayed into the North Korean waters on its way home from a Chinese harbor.

Quoting a source well versed with Japan-North Korea relations, the paper said North Korea has reported that two of the eight crewmen of the South Korean fishing boat were killed during the seizure, but it did not say any about the third man who died soon thereafter of a gunshot wound.

North Korea apparently delays sending the boat and crewmen back to the South in connection with their bid to obtain flood assistance from South Korea and other world countries, the paper added.

Bodies of Drowned Northern Soldiers Returned

SK0209022495 Seoul THE KOREA HERALD
in English 2 Sep 95 p 1

[FBIS Transcribed Text] The bodies of three North Korean soldiers which swept into South Korea in the torrential rains last week were returned yesterday to the North through the truce village of Panmunjom, the Defense Ministry announced.

The drowned bodies, presumed to have drifted southward in the rainstorms that hit the Communist country, were found in the areas near the military front lines.

Two of the bodies were found Aug. 27 at Peace Dam in Hwachon, Kangwon Province, some 120 km northeast of Seoul, while the other was recovered Aug. 23 in the Hantan River in Kyonggi Province, about 65 km north of Seoul, the ministry had reported.

The overall count of the bodies that have been found near the Demilitarized Zone in the wake of the recent torrential rainstorms were five bodies of North Korean soldiers and four civilians, the ministry said.

In addition to the three bodies returned yesterday, a corpse of a North Korean soldier which had been discovered Aug. 15 was repatriated to the North Aug. 23.

The ministry, currently preparing to send back the body of a soldier recovered Aug. 30, said that if the North wishes, it is willing to return the bodies of the drowned civilians.

North Asks Koreans in U.S. To Back Kim Chong-il

SK0209011195 Seoul YONHAP in English
0055 GMT 2 Sep 95

[FBIS Transcribed Text] New York, Sept. 1 (YONHAP) — North Korea has asked some ethnic Koreans living in

the United States to send letters expressing their loyalty to the communist country's de facto leader Kim Chong-il, a reliable source here said Friday.

The source said, "officials at the North Korean mission to the United Nations met pro-Pyongyang ethnic Koreans here several days ago to ask them to send letters expressing their hope that Kim Chong-il will assume the supreme leadership of North Korea very soon."

Kim Chong-il, supreme commander of the North Korean military and chairman of the national defense committee, is expected to assume the state presidency and general-secretary positions of the North Korean workers' party sooner or later.

It is the first time the communist country has asked ethnic Koreans here to express their loyalty to Kim Chong-il since Kim Il-sung died July last year.

A North Korean official at their mission in New York was recently reported as having told members of the Japanese press that Kim Chong-il will formally assume the supreme leadership very soon.

However, an official at the North Korean mission here said he knew nothing about the Japanese reports. "Perhaps he might have spoken his personal hope. But our mission does not know anything about that."

Asked who will represent North Korea at the UN special summit meeting slated for next month, he said, "I don't know who (exactly), but some high-ranking delegates will go."

Kim Yong-sam on 'International Responsibilities'

SK0209021795 Seoul THE KOREA TIMES in English
2 Sep 95 p 1

[FBIS Transcribed Text] President Kim Yong-sam yesterday pledged that South Korea will fulfill its international responsibilities befitting its status as the world's 11th largest economic power.

Addressing the opening session of the International Democrat Union [IDU] party leaders conference at Hotel Shilla yesterday morning, President Kim said that Seoul will play the proper role in the international scene commensurate with its national strength, including increasing support for developing countries.

"South Korea, through its 'segyehwa,' or globalization, policy, is exerting every effort to promote openness and elevate the level of all sectors of its society to global standards," Kim said. "Under the segyehwa policy, our country will continue to fulfill its international responsibilities and roles, including support of developing countries, at a level commensurate with our increased national abilities."

Attending the IDU conference are some 200 leaders and lawmakers from 30 conservative parties around the world, including Carl Bildt, former Swedish prime minister and chairman of the IDU; Jack Kemp, former U.S. housing secretary and IDU vice chairman; and Haley Barbour, chairman of the U.S. Republican Party National Committee and IDU vice chairman.

Other dignitaries attending the IDU meeting are former Russian Deputy Premier Yegor Geydar, former Japanese Foreign Minister Taro Nakayama, Kuomintang General Secretary Shui-Teh Hsu, British Vice Foreign Minister Jeremy Hanley and former Austrian Foreign Minister Alois Mock.

In the speech, Kim urged the IDU to play a leading role in solving global issues and establishing a sound world order.

Kim said: "The world is clearly heading towards the era of a single global community, but an underlying order has yet to be formed. Establishing a sound order characterized by cooperation and harmony is, I believe, an urgent task facing the world today."

"In this regard, I believe it is very important for the political leaders of your countries, who have led the global changes, to play a leading role. Your unity and solidarity in the IDU is also essential," the Chief Executive said.

Kim attributed South Korea's economic success to its adoption of a market economic system that heeds self-discipline and autonomy and encourages creativity.

Noting that despite many adverse conditions that constrained the process of democratization, civilian democracy has come to bloom in South Korea, Kim said, "What makes liberal democracy great is that it has the inherent capacity and strength to make changes and reform on its own."

Kim continued, "Openness and cooperation are the most important attributes of liberal democracy. Today's international community indeed calls for such openness and collaboration brought by liberal democracy."

Vietnamese Ambassador Comments on Investment

SK0209063995 Seoul THE KOREA HERALD
in English 2 Sep 95 p 5

[Report on "exclusive interview" with Vietnamese Ambassador Nguyen Phu Binh by Kang Sok-chae from the "Special Report" section: "Korean Firms Invest \$1.3 Bil. in Vietnam"; date, place of interview not given]

[FBIS Transcribed Text] Vietnam continues to serve as one of the most attractive markets for Korean

investors with its huge potential market, ample natural resources and skilled manpower, says Nguyen Phu Binh, Vietnamese ambassador to Korea.

"Korea is one of the most active investors in Vietnam, mostly in heavy and chemical industries which we are now desperate to foster," said the Vietnamese envoy in an exclusive interview with The Korea Herald.

Since the establishment of full diplomatic relations between Seoul and Hanoi in December 1992, Nguyen said that Korea has invested about \$1.3 billion in the Southeast Asian country on a government approval basis, ranking fifth in the world.

He said Taiwan is the largest investor in Vietnam with \$2.5 billion as of the end of June this year, followed by Hong Kong with \$2 billion, Singapore with \$1.7 billion and Japan with \$1.6 billion.

Vietnam, which celebrates the 50th anniversary of its independence today, has attracted a combined \$15 billion worth of foreign investments on a government approval basis since 1988, the envoy said. He is a fluent speaker of Korean as he lived in North Korea for eight years in the past.

"Following the visit of Vietnamese Communist Party leader Do Muoi to Seoul last April, a growing number of Korean businesses, especially large companies, have rushed to announce their huge investment plans or have committed to invest in our country," Nguyen said.

Before Do Muoi's visit to Seoul, he said that most investments were made by smaller firms except Daewoo, POSCO and LG.

Daewoo has invested about \$400 million in Vietnam and it announced early this year a long-term plan to invest another \$1 billion in various sectors such as automobiles, electronics and construction.

Hyundai promised to invest a whopping \$2 billion in the fields of automobiles, ship repair, steel and other heavy and chemical industries, according to the envoy.

"Samsung also expressed its growing interest to invest in Vietnam with a firm commitment to invest about \$200 million in the textile sector," the envoy said.

Nguyen said Vietnamese welcome Korean investors more than other investors as most Korean businesses are investing in the manufacturing industry, especially heavy and chemical sectors. "Korea has the capital and advanced technology, which we lack, and the vivid development experience which we want to learn from your side," Nguyen said.

He hoped for more Korean investors in such sectors as steel, shipbuilding, machinery, cement and petrochemical.

Singapore and Hong Kong are investing mainly in service businesses such as tourism, hotels and banking, he said, adding that Taiwan makes investments both in manufacturing and service fields with a higher portion in the service industry.

Anticipating a continued surge in Korean investors in Vietnam, the envoy said Korean firms could gain more access to the Vietnamese banking and insurance markets.

Following the lifting of U.S. trade embargo against Vietnam in February last year and the normalization of diplomatic ties between Washington and Hanoi last July, the pace of investments in Vietnam by the United States and Japan are quickening remarkably, he said.

At the end of last year, the United States ranked 13th in terms of investment amounts, but it moved up to seventh at the end of June this year. Japan was fifth at the end of last year, but now ranks fourth.

Following Japan and Singapore, Korea is Vietnam's third-largest trading partner with their two-way trade volume exceeding \$1.1 billion at the end of 1994, Nguyen said.

"We expect the two-way trade volume would surpass the \$2 billion level next year," he said, adding that Vietnam hopes to reduce its huge trade deficits with Korea by exporting more agro-fishery products in the future.

Touching on prospects for bilateral economic relations, Nguyen painted a rosy picture as the two countries are economically complementary.

He said Korea has capital, technology and development experience, which Vietnam lacks, but it has a huge potential market, ample natural resources and a cheap, skilled labor force. "The combination of the two elements would be helpful to both economies."

Editorials Condemn Scheduled French Nuclear Tests

SK0309083495

[FBIS Editorial Report] The following is a compilation of editorials carried in two Seoul vernacular newspapers on 3 September pertaining to nuclear tests that the French Government is going to conduct in the South Pacific.

The conservative CHOSON ILBO publishes on page 2 a 900-word editorial headlined "Chirac Is Making New Enemies." Calling on the Chirac government "to listen

to public opinion at home and abroad that opposes the nuclear tests," the editorial asks what "gains" France seeks through conducting its nuclear tests despite the fact that 63 percent of its own people oppose such tests. As regards the remarks of the French defense minister that "the core of national defense is nuclear weapons" and of another official that "France will use them for the common defense of Europe," the editorial defines these as merely excuses and states that no nation or state has assumed "an offensive position" against Europe or regards Europe as a "potential enemy." The editorial criticizes France for pursuing the policy of relying on nuclear weapons based on "an erroneous consciousness of relations between France and Europe."

Stressing that nuclear weapons have been regarded for a long time as "useless weapons" in war, the editorial points out that "the might of nuclear weapons has turned into political rather than military might," adding that France's nuclear tests were prompted by "its national strategy" to deter U.S. pressure when Paris attempts to exercise its international influence based on its nuclear potential.

The editorial also points out that if France suspends the eight nuclear tests it plans to conduct in the Mururoa Atoll, France will be praised for being "a state of culture" and the suspension will give "a fresh shock to international community"; France will have greater international influence when the world's advocates of peace and environmental organizations stop denouncing France and begin praising it. Noting that the Chirac government claims it has inherited Gaullism, the editorial urges the Chirac government to realize that "the world has now changed" and that "France's pursuit of a third line following the collapse of the twin power structure of the United States and Soviet Union is simply meaningless." The editorial concludes by urging France to realize that "Germany's rise as an outstanding state in Europe following the Cold War was not based on possessing nuclear weapons."

The moderate CHUNGANG ILBO publishes on page 5 a 900-word editorial entitled "Is France Unable To Listen to World Public Opinion?" Noting that world public opinion opposes France's nuclear tests, the editorial points out that despite such opposition, the French Government persists in continuing with the tests. The editorial also stresses that since the effectiveness of "simulator tests" has been proven, the U.S. Government is considering permanently suspending nuclear tests; the British Government has also finalized this policy. This being the case, in view of France's level of nuclear technology, it is not difficult for France to "secure credibility and safety through simulator tests," thus

making it seem unreasonable that France persists in conducting nuclear tests.

The editorial then points out that at a time when the entire world is hoping for a drastic reduction in the relative importance and scale of nuclear weapons following the end of the Cold War, France's nuclear tests cannot but be regarded as "running counter to the trend of the times," with the tests being criticized as "a pursuit of hegemonism to demonstrate power and authority." The editorial concludes that if France thinks its international position will be promoted through nuclear tests, it is indeed a "serious miscalculation," pointing out that more than 65 percent of French people oppose the tests and that many countries and people throughout the world have protested France's decision. The editorial concludes by emphatically urging the French Government to cancel its nuclear test plans in consideration of the "negative influence" they would have on those nations attempting to possess nuclear weapons and on environmental problems, stressing that the same theory should be applied to the PRC and other nations planning nuclear tests.

Fire Near Nuclear Plant Construction Site Kills 3

SK0409003395 Seoul YONHAP in English
0026 GMT 4 Sep 95

[FBIS Transcribed Text] Kyongju, South Korea, Sept. 4 (YONHAP) — Three people were killed and four others injured early Monday morning in a fire at a construction workers dormitory near Wolsong nuclear power plant No. 2.

The fire broke out at 2:10 AM at the Hyundai Engineering and Construction Co. dormitory, located about 500 meters from the nuclear power plant construction site in North Kyongsang Province.

The fire was brought under control in 40 minutes.

Those killed and injured are workers from small construction companies which were subcontracted by Hyundai.

Construction worker Chang Tu-chong, 35, said, "I was woken up by people shouting 'fire' and ran out of the dormitory to find smoke rising out of rooms one and two."

The dormitory has 18 rooms and had as many as three workers sleeping in each room at the time of the fire.

Most workers said it is not likely that the fire was caused by faulty wiring. The police are investigating into the possibility it was arson.

Prime Minister Reaffirms Independent Prosecution
SK0209072095 Seoul YONHAP in English
 0528 GMT 2 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 2 (YONHAP) — Prime Minister Yi Hong-ku told opposition lawmakers Saturday the government deals with all problems in a manner in which the people can place their trust.

Receiving a five-man mission from the opposition National Congress for New Politics (NCNP) who visited his office to protest the prosecution's probe of its lawmakers on bribery charges, Yi said the prosecution, as an independent law enforcement agency, performs its duties according to set principles.

The days when the prosecution did its job influenced by outside forces have gone, he added.

The prosecution executes its investigative powers only when there is evidence or legal reason supporting such investigations, he told the lawmakers, adding that it is absurd to think that the prosecution persecutes opposition politicians by means of political investigations in this era of democracy and freedom.

There is no sanctuary from the prosecution's investigation of corruption and irregularities, as seen in the recent investigations of President Kim Yong-sam's relatives involved in influence-peddling cases, he stressed.

The NCNP mission included Reps. Yi Chong-chan, Chang Sok-hwa, Cho Hong-kyu, Kang Chol-sun and Yi Kyong-chae.

President Condemns Election Law Violations
SK0409041895 Seoul YONHAP in English
 0225 GMT 4 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 4 (YONHAP) — President Kim Yong-sam emphasized his will on Monday to eradicate election law violations.

Hosting a breakfast meeting with cabinet members and his secretaries at Chongwadae [presidential offices], the president said, "The government will take stern legal action against any irregularities or corruption related to elections."

Reminding that he has emphasized an election revolution several times, he said, "The eradication of election irregularities as well as of other corruption is an important mission of this government, which influences the morality of the civilian government."

With the remarks of the president, the prosecution's investigation into crimes related to the June 27 local elections are expected to be further intensified.

The public prosecution administration said last Wednesday that 573 successful candidates in the local elections were booked for election law violations.

The prosecution also said that it has already indicted 138 heads of local self-governing bodies and that it was investigating 249 other successful local election candidates. It indicted but did not take into custody 186 others.

President Kim said that the change and reform in the national administration should not be suspended. "So I think it is necessary for the government to take follow up and complementary measures of reform. Among the measures, the government should ease various regulations."

He asked the ministers and secretaries to give their maximum effort in order for the real name financial and real estate transaction systems to take root successfully.

"Since the two real name systems are a great achievement of this civilian government, the administration will never seek to revise the related laws to benefit particular people. The basic frame of the real name systems should be maintained," he said.

Prosecutors Book 2,464 for Election Law Violations
SK0509032895 Seoul YONHAP in English
 0252 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — The Prosecutor-General's Office said Tuesday that of the 2,464 people booked for violating the Election Law during the June local elections, 567 were successful candidates — 142 indicted after investigation, 231 under investigation and 194 others still at large.

The 567 successful candidates booked on suspicion of Election Law violations include eight big city mayors and provincial governors (one already indicted on Election Law violation charges), 69 ward, county and small city chiefs (10 indicted), 100 big city and provincial councilors (27 indicted) and 390 ward, county and small city councilors (104 indicted).

The Election Law offenders which the Central Election Management Commission referred to the prosecution for investigation numbered 171 — five big city mayors and provincial governors, including Cheju Governor Sin Ku-pom, three ward, county and small city chiefs, 29 big city and provincial councilors and 134 ward, county and small city councilors. By party they break down to 57 Democratic Liberal Party members, 31 Democrats and 13 United Liberal Democrats.

The office suspects that the Central Election Management Commission has referred many of those already

booked by the prosecution to the office for investigation, thus the office will give priority to those "repeatedly referred," officials noted.

The prosecution is expected to complete its investigations of these Election Law violations by Dec. 27, the legal deadline for prosecuting those suspected of breaking the election law.

NCNP Holds Founding Ceremony in Seoul

Kim Tae-chung Elected President

SK0509032795 Seoul YONHAP in English
0237 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — The National Congress for New Politics (NCNP) held its founding ceremony at the Olympic Fencing Gymnasium in southern Seoul and elected Kim Tae-chung as president of the main opposition party.

With the inauguration of the NCNP, Korean politics has now been reorganized into a four-party system — the ruling Democratic Liberal Party (DLP), the NCNP, and the minor opposition Democratic Party (DP) and the United Liberal Democrats (ULD).

In his inaugural speech, Kim Tae-chung proposed he meet with President Kim Yong-sam as soon as possible to discuss overall state affairs.

"There are many problems concerning the nation's administration to be discussed between President Kim and I. In addition, we should establish new relations between ruling and opposition parties," Kim asserted.

Emphasizing that the NCNP is the main opposition party, he said, "It is desirable that the meeting between President Kim and I be realized as soon as possible so that President Kim's national administration continues going smoothly as does the regular session of the National Assembly this fall."

Kim also warned that his party will struggle against the alleged suppression of the opposition party by the government, if unfounded investigations by the prosecution of opposition politicians continue.

"President Kim should not allow the unfair investigations to continue and he should clarify the suspicions about the enormous irregularities and corruption and the improper use of election funds inside the ruling party," he said.

In addition, the NCNP adopted a party constitution, platform and regulations which call for, among other things, a dual leadership system steered by the executive and decision-making organizations.

The party platform said that the party supports the current direct presidential election system and that it will not interfere in the operations of big businesses.

Ties With Ruling Party

SK0509100995 Seoul YONHAP in English
0715 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — Kim Tae-chung, president of the main opposition National Congress for New Politics (NCNP), said Tuesday that he hopes to discuss with President Kim Yong-sam the establishment of relations between the ruling and opposition parties.

Kim, who in his inaugural address proposed that he and President Kim meet, said, "If a meeting is realized, I plan to discuss with the president how to establish ruling and opposition party relations, first of all. And once that problem is solved, I think all the other problems will be solved, too."

The NCNP held its founding ceremony at the Olympic Fencing Gymnasium Tuesday, followed by a press conference held by Kim shortly afterwards.

"It is important for the ruling and opposition parties to respect each other as partners of the national administration, not to distort and criticize each other. Otherwise, it is difficult to expect any stabilization of the political situation or to conduct the national administration effectively," he said.

The opposition leader criticized the recent investigations of several politicians. "You must not exercise pressure only upon opposition parties, and you should not shut your eyes to irregularities committed by members of your party, either, just because you have power. I intend to address this problem at the regular session of the upcoming National Assembly session this fall."

Meanwhile, he also commented on new Seoul Mayor Cho Sun.

"I am satisfied with the fact that I recommended a good mayor to the Seoul citizens. And I believe he will use his good judgement to decide whether he wants to join the NCNP or not. I have no intention of demanding anything or of exercising any pressure on him."

Cho Sun, who was elected Seoul mayor in the June 27 local elections as a candidate from the Democratic Party [DP], has said that he is too busy handling the city's administration to think about joining the new party. However, Cho did appear at the founding ceremony of NCNP on Tuesday.

Cho had become DP candidate at the recommendation of Kim Tae-chung, and since Kim left the DP to

inaugurate a new party, the new Seoul mayor has not clarified his party affiliation.

Editorial Comment

SK0509115595

[FBIS Editorial Report] The following is a compilation of editorials from ROK vernacular newspapers published on 5 September commenting on the inauguration of the Kim Tae-chung-led National Congress for New Politics, NCNP.

The moderate CHUNGANG ILBO carries on page 5 a 700-word editorial entitled: "Wishes for the NCNP." The editorial hopes that its name "New Politics" will be "the party's actual code and goal, not an empty adjective." If not, the editorial worries that Kim Tae-chung may be criticized for creating a new party to run again for president, as he did twice before. The editorial hopes that "new politics" can be interpreted as "the NCNP will not be a private party controlled by one person but will adopt a democratic decision-making process." The editorial also hopes that the NCNP will develop reasonable political proposals and defy regionalism. The editorial positively appraises Kim Tae-chung's efforts to create a new look by embracing new figures while moving his aides to secondary posts, and by adopting conservative policies. The editorial concludes by hoping that "such changes will not be a one-time gesture."

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word editorial entitled "The Inauguration of the NCNP." Deploring that political parties have played the role of the means for the "presidential candidates" rather than serving the people, the editorial hopes that Kim Tae-chung's new party will live up to the name "new politics" and "realize the change of generation and create an atmosphere for healthy politics." The editorial hopes that the NCNP will dispel regional conflicts rather than repeating its position as the "victim" of regionalism. Lastly, the editorial hopes that the NCNP will fulfill its role of leading opposition party and place priority on national interests rather than political conflicts in resolving pending issues, including North Korean affairs, economic restructure, and regionalism.

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial entitled: "Wishes for the NCNP." The editorial reviews the difficulties faced by the NCNP prior to its inauguration, including the "anti-corruption" scandal and criticism that it is an undemocratic one-man party when it separated from the Demo-

cratic Party right after the successful local election. Noting that Kim Tae-chung has turned conservative, the editorial states that "the ideology and value, which he has maintained for decades despite all fabrications charging him pro-communist, has been diluted," and wonders what alternative the NCNP will present. The editorial writes that the NCNP's task is to receive support from a broader range of people and to properly use solidarity and alliance with other opposition parties. The editorial also advises that an appeasing approach toward chaebols, business conglomerates, may be criticized because their economic dominance is a serious problem for the national economy.

Overseas Investment Through Jul Reported

SK0509101295 Seoul YONHAP in English
0750 GMT 5 Sep 95

[FBIS Transcribed Text] Seoul, Sept. 5 (YONHAP) — South Korean overseas investments during July totaled 326.3 million U.S. dollars in 114 projects on an approval basis, down 14.8 percent in value and 42.4 percent in number from the same month last year, according to the Bank of Korea.

The month's actual investments overseas also fell 0.4 percent in value and 28.7 percent in number to 112 projects worth a total of 254.2 million dollars.

Approved overseas investment projects in July break down to 76 manufacturing projects (66.7 percent of the total), the establishment of 13 trading houses (11.4 percent), three construction projects (2.6 percent), one transportation project (0.9 percent) and 21 other ventures (18.4 percent).

Small and medium-sized businesses accounted for 83 of the total investments, or 72.8 percent of the total approved investments, representing an increase of 9.5 percentage points from a year earlier for these businesses.

Southeast Asia accounted for 81 projects (71.1 percent of the total), North America for 22 projects (19.3 percent), Europe for five (4.4 percent), Latin America for two (1.8 percent) and other markets for four (3.5 percent).

China topped the country list with 61 cases of investment (53.5 percent), followed by the United States with 21 (18.4 percent) and Vietnam with four (3.5 percent).

July's figures bring the total for the first seven months of the year to 2,220 million dollars in 909 projects, up 11.6 percent in value and down 22.4 percent in number from a year earlier.

Burma

Thai Defense Minister, Delegation Begin Visit

Arrive in Rangoon

BK0109150395 Rangoon Radio Myanmar in Burmese 1330 GMT 1 Sep 95

[FBIS Translated Text] A goodwill delegation led by General Chawalit Yongchaiyut, deputy prime minister and defense minister of Thailand, arrived in Yangon [Rangoon] by a special aircraft at 0930 today at the invitation of Vice Admiral Maung Maung Khin, deputy prime minister of the Union of Myanmar [Burma].

The goodwill delegation led by Gen. Chawalit Yongchaiyut was welcomed at the Yangon International Airport by U Ohn Gyaw, minister of foreign affairs; U Khin Maung Yin, minister of the Deputy Prime Minister's Office; Major General Saw Tun, minister of construction; Brigadier General Khin Maung Than, chairman of the Yangon Division Law and Order Restoration Council and commander of the Yangon Military Command; Brig. Gen. Kyaw Than, commander of the Mingaladon Air Base; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; Mr. Poksak Nin-ubon, Thai ambassador to Myanmar, and embassy staff; and responsible personnel of the Ministry of Foreign Affairs. [passage omitted on goodwill delegates visiting various places in Yangon and Syriam-Kyauktan Region]

Meet With SLORC Chairman

BK0109145795 Rangoon Radio Myanmar in Burmese 1330 GMT 1 Sep 95

[FBIS Translated Text] Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister of the Union of Myanmar [Burma], received General Chawalit Yongchaiyut, deputy prime minister and defense minister of Thailand, and his party, currently in Yangon [Rangoon], at the Defense Services Hall in Zeyathiri Building of the Defense Ministry at 1030 today.

With Sr. Gen. Than Shwe at the meeting were Gen. Maung Aye, vice chairman of the SLORC, deputy commander in chief of the Defense Services, and commander in chief of the Army; Lieutenant General Khin Nyunt, secretary-1 of the SLORC; Lt. Gen. Tin U, secretary-2 of the SLORC; Vice Admiral Maung Maung Khin, deputy prime minister; U Ohn Gyaw, minister of foreign affairs; U Tin Win, Myanmar ambassador to Thailand; Colonel Thein Swe, military attache; and Thura U Aung Htet, director general of the Protocol Department of the Ministry of Foreign Affairs, while the guests were accompanied by Mr. Poksak Nin-ubon,

Thai ambassador to Myanmar, and the Thai military attache.

Chawalit Meets With Counterpart

BK0209145395 Rangoon Radio Myanmar in Burmese 1330 GMT 2 Sep 95

[FBIS Translated Text] Chawalit Yongchaiyut, deputy prime minister and defense minister of Thailand, and his party, who are currently in Yangon [Rangoon], called on Vice Admiral Maung Maung Khin, deputy prime minister of the Union of Myanmar [Burma], at the International Business Center on Prome Road in Yangon at 0900 today.

With Vice Adm. Maung Maung Khin at the meeting were Brigadier General Abel, minister of national planning and economic development; U Khin Maung Yin, minister of the Deputy Prime Minister's Office; U Tin Win, Myanmar ambassador to Thailand; and Thura U Aung Htet, director general of the Protocol Department of the Ministry of Foreign Affairs, while General Chawalit Yongchaiyut was accompanied by Mr. Poksak Nin-ubon, Thai ambassador to Myanmar.

Khin Nyunt Hosts Luncheon

BK0209145995 Rangoon Radio Myanmar in Burmese 1330 GMT 2 Sep 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, secretary-1 of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma] hosted a luncheon in honor of Chawalit Yongchaiyut, deputy prime minister and defense minister of Thailand, and goodwill delegates, who are currently in Yangon [Rangoon], at the International Business Center on Prome Road in Yangon at 1100 today.

The luncheon was attended by Lt. Gen. Tin U, secretary-2 of the SLORC; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, deputy prime ministers; members of the SLORC, cabinet ministers, deputy minister of foreign affairs, deputy director of the Directorate of Defense Services Intelligence, Myanmar ambassador to Thailand and military attaches, Thai ambassador to Myanmar and military attaches, and heads of departments.

Delegation Departs Rangoon

BK0209154795 Rangoon Radio Myanmar in Burmese 1330 GMT 2 Sep 95

[FBIS Translated Excerpt] A goodwill delegation led by General Chawalit Yongchaiyut, deputy prime minister and defense minister of Thailand, which visited Yangon [Rangoon] at the invitation of Vice Admiral Maung

Maung Khin, deputy prime minister of the Union of Myanmar [Burma], left Yangon by a special aircraft at 1415 today.

The goodwill delegation led by Gen. Chawalit Yongchaiyut was seen off at the Yangon International Airport by U Ohn Gyaw, minister of foreign affairs; U Khin Maung Yin, minister of the Deputy Prime Minister's Office; Major General Saw Tun, minister of construction; Brigadier General Khin Maung Than, chairman of the Yangon Division Law and Order Restoration Council and commander of the Yangon Military Command; Brig. Gen. Kyaw Than, commander of the Mingaladon Air Base; Colonel Kyaw Win, deputy director of the Directorate of Defense Services Intelligence; U Tin Win, Myanmar ambassador to Thailand; Col. Thein Swe, Myanmar military attache; Mr. Ponsak Nin-ubon, Thai ambassador to Myanmar, and embassy staff; and responsible personnel of the Ministry of Foreign Affairs. [passage omitted on goodwill delegates visiting various places in Yangon]

KNU Issues 11th Congress Statement

*BK0209110195 (Internet) BurmaNet News in English
1 Sep 95*

[Statement of Eleventh Congress of the Karen National Union issued in Rangoon on 1 September]

[FBIS Transcribed Text] 1. Eleventh Congress of the KNU [Karen National Union], was being successfully held from August 21, to August 31, 1995. One hundred and six KNU representatives and 79 observers from the civil as well as the military establishments in all provinces attended the Congress.

2. After deliberation upon the prevailing domestic and international situations, the Congress made necessary modifications with regard to policies and programs of the Karen revolution, and Constitution of the KNU, so as to make them to be in consonant with time.

3. The Congress elected 35 candidates consisting of senior, middle and younger leaders as Central Standing Committee members and from among the 35, the Congress again elected eleven members to serve on the Central Executive Committee. The Congress also elected 20 young leaders as candidate members to the Central Standing Committee.

4. In addition, the Congress elected Gen. [General] Saw Bo Mya as President, Saw Shwe Saing as vice-President, Saw Ba Thin as General Secretary, and Mahn Sha Lar Pan and Saw Tu Tu Lay as Joint-General Secretaries of the KNU.

5. With the reconfirmation of 11th Congress, the KNU is to undertake the following important tasks. They are:

(a) To further consolidate the KNU morally, politically and organizationally;

(b) To further strengthen the Karen National Liberation Army and Karen National Defence Organization so that they may be able to serve more than ever the interests of the people and the Karen resistance;

(c) To endeavour for the unity of the entire Karen nation;

(d) To continue to uphold the stand of holding and to endeavour for a dialogue between the KNU and SLORC for the establishment of genuine and lasting peace in the country.

In conclusion, we, the KNU, would like to affirm that we will firmly join hands together with the entire people and fellow alliance forces, and resolutely struggle on for victory by upholding high our objectives of the establishment of genuine peace, democracy and a genuine federal union.

September 1, 1995

Eleventh Congress of the KNU

Khin Nyunt Hosts Dinner for Mon Leaders

*BK0309152695 Rangoon Radio Myanmar in Burmese
1330 GMT 3 Sep 95*

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council [SLORC], hosted a dinner in honor of Mon national leaders from Mon State led by Nai Shwe Kyin at the No. 2 Defense Services Guest House's hall on Inya Road in Yangon [Rangoon] at 1900 today.

The dinner was attended by Lt. Gen. Tin U, secretary-2 of the SLORC; Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Vice Admiral Than Nyunt, minister of health; Lt. Gen. Thein Win, minister of transport; Lt. Gen. Min Thein and Brigadier General Myo Thant, ministers of the SLORC Chairman's Office; Major General Aye Kyaw, minister of information; Maj. Gen. Kyaw Than, minister of industry-2; Maj. Gen. Saw Tun, minister of construction; U Ohn Gyaw, minister of foreign affairs; U Win Sein, minister of rail transportation; U Pan Aung, minister of education; Colonel Kyi Maung, deputy minister of education; Brig. Gen. Tin Aye, deputy minister of hotels and tourism; U Aung Khin, deputy minister of religious affairs; Col. Than Zin, deputy minister of health; U Tin Hlaing, deputy minister of agriculture; U Kyaw Tin, deputy minister of

progress of border areas and national races and development affairs; high-ranking ministry officers; Lieutenant Colonel Pe Nyein, director general of the SLORC Office; heads of departments, and Mon nationals from Mon State.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Article Criticizes West Over Bosnia

*BK0109114595 Hong Kong FAR EASTERN
ECONOMIC REVIEW in English 7 Sep 95 p 38*

[Article by Prime Minister Mahathir Mohamed under "The 5th Column" rubric: "Bosnia and the West"]

[FBIS Transcribed Text] Western leaders have always claimed the high ground for themselves on moral issues. They feel it is both their duty and right to ensure that the world does not stray from the straight and narrow. After the Gulf War, they arrogantly proclaimed that henceforth even national boundaries would not stop them from enforcing human rights. No difference in standards would be tolerated.

The Saddam Husayns of the world were to take note. Aggressors would be forcibly stopped. The whole world would be mobilized against them. There would be no escape for the guilty. If their own people dared not depose them, then they too would be starved of food and medicine. A full siege would be laid until they rid themselves of their tyrannical leaders. The world would be a better place.

Then came Bosnia-Herzegovina. Serbs in both rump Yugoslavia and in Bosnia-Herzegovina announced something called "ethnic cleansing," i.e., a massacre of Bosnians. They explained that they had a duty to rid Europe of Muslims. And then they did just that — in full view of Western television cameras.

In a very short space of time, 200,000 Bosnian Muslims and some Bosnian Croats were brutally killed; not soldiers, but unarmed villagers and civilians. Fifty thousand women were raped. Thousands were thrown into Nazi-style concentration camps. Two million were expelled from Bosnia-Herzegovina and now live on the charity of the people in Europe, America and Asia.

The well-equipped Bosnian Serb army and air force, helped by Serbia, set out to enlarge the Serb share of Bosnia-Herzegovina. They forcibly occupied more than 70% of the land, and in the process Bosnian Muslims were massacred, with neither children nor the elderly spared.

The world watched in horror. We had been told that such things would not be allowed in the Brave New

Post-Gulf War World. The avenging angels of the West would descend with their air forces and smart-bomb the Serbs into submission. After all, the West would not allow massacres in the middle of Europe.

But the avenging angels never did fly to the rescue. They came, under the auspices of the North Atlantic Treaty Organization, in dribs and drabs. The soldiers were told that they were not there to enforce peace. They were there to keep peace. Indeed, why the UN troops were called "Protection Forces" when they were not permitted to protect Bosnians from Serb killers was until recently a mystery. Now we can see that the UN Protection Force was put in Bosnia-Herzegovina to protect itself. Even then, its soldiers were not to use force.

Emboldened by such timidity, the Serbs continued with their ethnic cleansing. Finally, they did the "unthinkable." They captured UN troops and paraded them across the world's television screens. They told the UN that in the event of another anti-Serb air strike, the soldiers would be killed. And the UN promised not to carry out any more such strikes.

Then the Serbs took the "safe havens." UN soldiers gave up their arms to the victorious Serbs. It was touching to see the relief and happiness on their faces when the Serbs later released them. Much beer was consumed to celebrate the UN Protection Force's success in having protected itself. Now we know that the UN soldiers saved themselves by practically handing over Bosnian men and boys for the Serbs to machine gun and bury in mass graves.

The UN and Nato claim that the Serbs cannot be dealt with in the same manner the Iraqis were dealt with; only peaceful negotiations would work. And so Lord Owen proposed that the Serbian aggressors be rewarded with more territory than the legitimate government of Bosnia-Herzegovina. This is the new standard of justice. Aggressors will be rewarded. If the Bosnians do not accept, then the UN and Nato forces would leave and let the Serbs do what they like.

Indeed, this has become a standard threat. If the Bosnians refuse to surrender their land to the Serbs, the UN will withdraw. If the Serbs refuse to accept the settlement, then the UN will also withdraw. If the arms embargo is lifted, the UN and Nato will withdraw. In short, though the Bosnians will not be defended by either Nato or the UN, they will not be permitted the means to defend themselves. The only possible conclusion is that the West wants the Bosnian Muslims to be slaughtered peacefully.

It is fortunate, if anything about this Balkan tragedy can be called fortunate, that the arms embargo has not been

effective on Croatia. The Croatian recapture of Krajina has proved that the Serbs are not such great fighters and that the massacre of Serbs by the victorious Croats and Bosnians is a figment of the Western imagination, invented to justify not giving the Bosnians the means to defend themselves. Serb refugees may have been harassed. But nothing like what the Serbs have done to Bosnians or Croats has happened, despite efforts by the UN's special envoy, Yasushi Akashi, to prove Croatian and Bosnian brutality.

Still the Western leaders insist their way is right. Peace must come through the brilliance of Lord Owen. They do not see that there might be anything to learn from the Croatian offensive. How many more Bosnians must be slaughtered before the West appreciates the obvious? Or is it that the West wants the Bosnian Muslims to be totally eliminated? Perhaps the Serbs are working for the West, as they have said they are.

Defense Minister Praises NATO Air Raids

*BK0309064095 Kuala Lumpur RTM Television
Network 1 in Malay 1200 GMT 2 Sep 95*

[FBIS Translated Text] Defense Minister Syed Hamid Albar considers NATO's air attacks on the Bosnian Serbs a timely action.

[Begin Albar recording] All this time we have been saying that to achieve results, the best method is to force the Bosnian Serbs to hold talks. This would show that the United Nations is serious in its actions. With NATO's actions through its air attacks, I have noticed that there is a change. However, we need to monitor further developments. [end recording]

He also stated that the Malbatt [Malaysian Battalion] troopers in the Balkan state are safe. They are, however, on alert.

Earlier, Datuk Syed Hamid officiated at family day sponsored by Srikandi, the Ex-Servicemen's Association branch in Kota Tinggi. Numerous events were planned to mark the national day anniversary.

Army Chief: 1,533 Soldiers To Leave for Bosnia

*BK0509090095 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 5 Sep 95*

[FBIS Transcribed Text] The first batch of the Malaysian battalion Malbatt IV will leave for Bosnia-Herzegovina on 30 September to serve in the war-torn country.

Army Chief General Datuk Che Mohammed Nor Mat Hashim said the 1,533 strong Malbatt IV, including 95 officers, will leave in stages to take up their six-month stint as United Nations peacekeepers to replace Malbatt

III. He told reporters this after inspecting a guard of honor mounted by 750 members of the contingent at the Royal Rangers Regiment parade ground at Ipoh in the northern state of Perak.

Cambodian King Sihanouk Arrives for Visit

*BK0509070095 Kuala Lumpur RTM Television
Network 1 in Malay 0530 GMT 5 Sep 95*

[FBIS Translated Text] Cambodian King Norodom Sihanouk arrived in Kuala Lumpur today for a three-day visit to Malaysia. The Cambodian head of state and his entourage were welcomed by Prime Minister Datuk Sri Dr. Mahathir Mohamed, Foreign Minister Datuk Abdullah Ahmad Badawi, and Entrepreneur Development Minister Mustapha Mohamed, who will also act as minister-in-attendance.

King Sihanouk, accompanied by Queen Monineath, Princess Norodom Arunrasmi, and a 20-member entourage, arrived by a special plane from Phnom Penh. The entourage includes Sar Kheng, deputy prime minister and interior minister; Kong Sam-ol, deputy prime minister and minister in charge of royal palace; Justice Minister Chem Sngoun; Ing Huot, minister of foreign affairs and international cooperation; and Defense Minister Lieutenant General Tea Chamrat.

Trade Minister Upbeat on Upcoming ASEAN Meet

*BK0409105495 Kuala Lumpur NEW STRAITS TIMES
in English 2 Sep 95 p 22*

[Report by Azman Ibrahim]

[FBIS Transcribed Text] The maiden ASEAN-Close Economic Relations (CER) meeting scheduled during the ASEAN economic ministers meeting in Brunei next week will see the two groups examining each others' frameworks, procedures, and guidelines to facilitate better trade and cross-investments.

International Trade and Industry Minister Datuk Sri Rafidah Aziz said yesterday the ASEAN-CER meeting would also explore ways to provide a trade framework that could be beneficial to the private sector of both groups.

"Certainly there can be procedures that we may improve that will allow the cross-flow of trade and investments between ASEAN and CER," she said at her office in Kuala Lumpur after meeting with Australia's trade minister, Senator Bob McMullan.

CER is a trading arrangement between Australia and New Zealand aimed at forging closer economic links between the two countries.

She said closer ASEAN-CER private sector relations could take time to develop as the private sector had to be "paced" into the ASEAN-CER framework.

On whether she foresees an ASEAN-CER free trade area in the future, Rafidah said:

"I will not go to that extent for now...but somewhere along the line it may happen. If the economic dynamism at that time calls for this to happen, then nobody can stop it.

"My contention is a free trade area within more manageable regions like these is more practical to think about than a free trade area across two oceans. It is more pragmatic to talk about than that of a whole Asia-Pacific [region].

"This may not happen tomorrow, but I think nobody should discount this from happening at all," she added.

On her meeting with McMullan, Rafidah said the two ministers discussed at length the ways on how the private sector of both Malaysia and Australia could join forces to make entries into other economies in the world.

She said the combined expertise and resources between the two private sectors would be the two countries' source of strength in the future due to their limited markets now.

"In areas where we are strong or where our expertise and resources are complementary, we should combine forces and make use of our networkings and venture into third countries," she added.

Among the areas that both countries could go into are construction and infrastructure projects.

On the overall Malaysia-Australia relations, Rafidah said the two countries have good relations in the international front where both countries have been working together for mutual benefits.

Australia Gets Support for Trade Links

*BK0209145095 Melbourne Radio Australia
in English 1100 GMT 2 Sep 95*

[FBIS Transcribed Text] The Australian Trade Minister Bob McMullan has received support in Malaysia for the concept of closer trade links between Australia and New Zealand and the Association of Southeast Asian Nations. The first government-level discussions on the issue will be held in Brunei next week. Katherine (Magrar) reports from Kuala Lumpur that Senator McMullan says preliminary discussions on the trade link up have been positive.

[Begin recording] [(Magrar)] The proposed new corporation group, AFTA-CER [ASEAN Free-Trade Area-

Closer Economic Relations], would link two existing free trade agreements — ASEAN with the Closer Economic Relations pact between Australia and New Zealand. Sen. McMullan says the discussions are still in the early stages.

[McMullan] At this stage it is about cooperation rather than formal linkage in any sense of bringing the two free trade agreements together. That's all, (?the way I think).

[(Magrar)] Next week, when all the trade ministers meet in Brunei, Australia hopes some timetable for a more formal link up may be established. [end recording]

Joint Commission Meeting With Vietnam Begins

*BK0509102195 Kuala Lumpur Voice of Malaysia
in English 0800 GMT 5 Sep 95*

[FBIS Transcribed Text] Malaysia will raise a number of trade and investment issues with Vietnam in their three-day inaugural joint commission meeting beginning today. Foreign Ministry Deputy Secretary General Datuk Abdul Halim Ali said among the issues to be discussed are the high duty imposed on Malaysian goods, like palm oil and cacao, and the delay by authorities in granting approval for projects.

He hopes Vietnam would seek ways to facilitate Malaysian investments in the Indochinese state. He told reporters this after the official opening of the senior officials meeting of the joint commission in Kuala Lumpur.

Abdul Halim is heading a 19-member Malaysian delegation to the talks, while the Vietnam side comprising 13 members is being led by its vice chairman of the State Planning Committee, Vo Hong Phuc.

The meeting will also discuss efforts towards enhancing investment and trade cooperation between the two countries which have been expanding of late.

Chinese Association Supports Prime Minister

*BK0409122295 Kuala Lumpur UTUSAN MALAYSIA
in Malay 3 Sep 95 p 1*

[FBIS Translated Text] Kuala Lumpur, 2 Sep—The MCA [Malaysian Chinese Association] wants Datuk Sri Dr. Mahathir Mohamed, the prime minister, to continue leading the country toward achieving greater success in various fields as he has done until now.

Datuk Sri Dr. Ling Liong Sik, the MCA president, said the excellent success achieved by the country was due to Dr. Mahathir's undaunted and far-reaching vision based on liberalization.

Speaking today at the official ceremony led by Dr. Mahathir to open the MCA general assembly, Dr. Ling said: "His success should be highly honored, and a good example has been set for us to emulate."

Dr. Ling also said Malaysians, including the Chinese community, need to overcome the problems facing the multiracial community in an effort to avoid any conflict, because the success achieved by the country would be meaningless if any racial conflict were to emerge.

He said: "The challenge that we are currently facing is that we are capable of overcoming all obstacles. We have indulged in numerous efforts, creativity, and patience and have maintained stability in our process of developing this country."

The MCA general assembly, which was attended by about 2,000 representatives, was expected to pass 12 resolutions. Among the resolutions to be passed is a call for the business community to make early preparations to face the challenges of the United States withdrawal of its GSP [Generalized System of Preferences].

The MCA also suggested that the government upgrade the professionalism of teachers by encouraging more people to join the profession.

Singapore

PRC Company To Establish Joint Ventures

BK0409071095 Singapore BUSINESS TIMES
in English 4 Sep 95

[Report from Quek Hian Whai in Hong Kong — received via internet]

[FBIS Transcribed Text] China's largest securities house has teamed up with a former fund manager at Government of Singapore Investment Corporation (GIC) to set up an international fund management company in Singapore.

Shanghai International Securities Co Ltd (Sisco), which has branches in at least 23 Chinese cities, has set up a joint venture called Shanghai International-APS with Singapore-based Asian Portfolio Specialist Pte Ltd (APS). APS is owned by former GIC man Wong Kok Hoi.

Sisco holds a 60 per cent stake in the joint venture through its Hongkong-listed arm, Shanghai International (HK), while APS owns the balance.

Shanghai International-APS is based in Singapore and has a subsidiary in Hongkong. It will manage international funds investing mainly in Asian equities.

The joint venture comes at a time when China is actively reforming its financial markets with an eye to beefing up its investment banking and fund management industry.

Last month, it launched the first Sino-foreign investment bank, China International Capital Corporation (CICC), to raise money for its economic development and to develop its investment banking industry.

Top Chinese officials expect CICC, which is partly owned by People's Construction Bank of China, to pick up investment banking expertise from its main foreign partner, Morgan Stanley. GIC holds a 10 per cent stake in CICC.

The same kind of relationship is expected from Sisco's latest venture.

Mr Wong, a pioneer member of staff with GIC, managed Asia Pacific equities investments for the government investment arm from 1981 to 1985, before joining Citicorp to head its Tokyo fund management. A scholar from a Japanese university, he later became a consultant with the Monetary Authority of Singapore where he helped set up the Japan Research Unit.

Gao Guofu, chief executive of Sisco, has been appointed chairman of the two new fund management units. Shirley Chong, who heads Sisco's Hongkong unit, is deputy chairman. Mr Wong is designated managing director and chief investment officer.

Speaking from Shanghai, Mr Gao said Sisco's move into fund management reflects its emphasis on fee-based activities. Still primarily a Chinese domestic broker, Sisco has to be international in its outlook, Mr Gao added.

He said the Singapore unit will complement Sisco's presence in Hongkong, London and New York. He said the group is happy to work with APS and envisages that Shanghai International-APS will become a premier name in fund management in Asian markets within a decade.

Shanghai International-APS is expected to source for funds mainly from developed countries where bigger mutual and pension funds are available. In the longer term, it may also tap Sisco's vast network of clients in China.

Sisco has fixed assets of 4.66 billion renminbi (\$\$784 million) [Singapore dollars]. It turned in pre-tax profit of 423 million renminbi in 1993. The group lead-managed 21 new "A" share issues in 1993, accounting for 70 per cent of China's "A" share primary market. It also controls 50 per cent of the "B" share primary market and 40 per cent of its turnover.

Editorial Warns Against 'Complacency' on Bosnia

BK0409052395 Singapore *THE STRAITS TIMES*
in English 2 Sep 95 p 36

[Editorial: "Pounding Sense Into Serbs"]

[FBIS Transcribed Text] United States Assistant Secretary of State Richard Holbrooke is entirely right in warning against "any false optimism" on the situation in Bosnia. There are too many unfulfilled ambitions to allow for complacency. After three years of war, no one should underestimate the resilience of the Bosnian Serbs or the ruthless determination of their leader, Mr. Radovan Karadzic, to cling to all the land his forces have seized. With Serbia reeling under the impact of the United Nations-imposed economic sanctions, President Slobodan Milosevic may appear cooperative, but that is no guarantee that he has given up his dreams of a greater Serbia. Croatia wants all of Eastern Slavonia purged of the secessionist Serbs, and, failing that, compensatory territory from Bosnia. Even wounded and bleeding Bosnia may not be content with the status quo once the NATO air strikes have tamed Serb aggressiveness. If the arms embargo is lifted at the same time, a rejuvenated Bosnia might try to regain some of the territory occupied by rebel Serbs.

These imponderables have to be borne in mind in assessing the ultimate chance of success that America's admittedly bold initiative enjoys. For now, President Bill Clinton's rating stands high. At home, even his arch-detractor Senator Bob Dole praises him on his "long-overdue demonstration of resolve." Abroad, the Russians, traditional godfather to all the Slav peoples, acknowledge, albeit grudgingly, that the Serbs had it coming. The political challenge — and of its toughness there can be no doubt — lies in converting these gains into a lasting settlement on the ground in a land that can be described as the blood-drenched graveyard of peace plans.

Putting it bluntly, everything hinges now on continuing to pound sense into the Bosnian Serbs while also twisting Mr. Milosevic's arm so that Serbia recognises Bosnia and Croatia and commits itself to withdrawing all support — military, political, and psychological — from rebel groups in these two countries. Once the Serb element has been brought under control, it should not be too difficult to restrain the Croats and Bosnians. But can the Serbs be controlled? Does their present reasonableness really represent a change of heart, or is it only a stalling tactic? This is the question. To complicate matters, there still does not seem to be absolute unanimity over objectives among the Western governments whose pussyfooting is largely responsible for the magnitude of this Balkan tragedy. France and Britain still

differ, for instance, on the purpose of NATO's military strategy in respect of Bosnia's besieged capital, Sarajevo. Obviously incensed by the shooting down of a French Mirage, President Jacques Chirac is insisting on a long-term commitment to ensure free access to the city, while British Defence Secretary Michael Portillo does not wish to go beyond eliminating the Serb artillery that now threatens Sarajevo.

As for the Bosnian Serbs, it is clear enough that they agreed to discuss the latest American peace plan only under intense pressure. Because of Croatian action against the breakaway Krajina region, the military balance had already begun to shift against them when the NATO attack was launched. It was NATO and U.S. pressure, both directly through the military action and indirectly through Mr. Milosevic, that forced the Bosnian Serbs to agree to a six-member negotiating team and give the Serbian President a veto over the terms of a peace deal. It must be assumed that Mr. Milosevic will use this authority to bring Bosnian Serb militancy to an end and save the peace. But early termination of the air strikes might unravel everything that has so far been achieved. Not only that. Even when the talks begin, the threat of prompt resumption of the bombing might be necessary to prevent any attempt at filibustering. The Bosnian Serbs will acquiesce in a settlement and abide by it only when they realise that continued belligerence will cost them land in the long run.

Cambodia

Ranariddh Comments on Thai Minister's Visit

BK0409013695 Bangkok *THE SUNDAY POST*
in English 3 Sep 95 p 4

[Report by Nutsara Thaithawat]

[FBIS Transcribed Text] Phnom Penh — Cambodian First Prime Minister Prince Norodom Ranariddh says he is satisfied with the state of Thai-Cambodian relations, and has called for more Thai investment, especially in the tourism sector.

During an interview with the Bangkok Post on Friday ahead of the official visit of Foreign Minister M.R. Kasemsamoson Kasemsi, which began yesterday, Prince Ranariddh offered "full guarantees" and "special attention" for Thai investors.

He said he was speaking in both his capacities as first prime minister and as co-chairman of the Cambodia Development Council.

Prince Ranariddh has in the past been a local critic of Thai involvement in Cambodia and had appeared

to have left Cambodia-Thai relations to Second Prime Minister Hun Sen.

M.R. Kasemsamoson, who as permanent secretary for foreign affairs was very much involved in "the Cambodian problem", has chosen Cambodia for his first official visit to show the importance Bangkok attaches to relations with Phnom Penh.

The two countries have been gradually developing mechanisms for dealing with each other, Prince Ranariddh said.

He cited the three-tier border committees at local, regional and national levels, and the Thai-Cambodian joint commission.

He urged both sides to use these official channels rather than speak through the press.

He expressed the hope that the new Banhan Sinlapacha administration will pursue the same policy towards Cambodia, and especially the Khmer Rouge, as did the Chuan Likphai administration.

Relations between the two neighbours have worsened since the signing of the Paris peace agreement for Cambodia in 1991.

Thailand was accused of economic exploitation, political interference and support for the Khmer Rouge, who pulled out of the peace process in 1992 and were outlawed by the National Assembly last year.

"We're neighbours, like married couples. It's not a honeymoon all the time," Prince Ranariddh said.

He admitted that there have been problems, such as the cancellation of a Thai airline's contract and the removal of the Thai-owned Floating Hotel from its prime location at the confluence of four rivers in Phnom Penh.

"You keep talking about problems, but there are many companies which are successful here," he said. "Some people say I prefer the Malaysians. That isn't true," he said.

On the question of the alleged "deep-rooted mistrust" and continuing misunderstandings between the two countries, Prince Ranariddh pointed out that Cambodia is located between two big neighbors, Thailand and Vietnam.

Cambodia has misunderstandings with Vietnam too. Cambodian people continue to feel uncomfortable towards Vietnam.

"It's very natural that Cambodia continues to feel not very comfortable with Thailand, but it's up to our two

governments to be determined to go along and improve relations.

"The relations are quite good, if not excellent," he said.

Thailand is able to raise the issue of the killing of 22 Thai timber workers in Preah Vihear Province last November, and the cross-border shooting of two Thai paramilitary troopers manning the border in Sisaket Province, at the border committee, he said.

"I feel very sorry about these deaths," he said, and called on Thailand to use the border committee to resolve the cases at the highest level if necessary.

"It has to be done, yes," he said. "The best way is to respect each other's sovereignty. We have the structure (border committees) — we must use it."

Cambodian officials expressed their appreciation for Thai assistance in infrastructure development, health, education, agriculture and rural development, and complimented M. R. Kasemsamoson, saying he is best person to handle Thai-Cambodian relations.

Official: Thai Traders Helping Khmer Rouge

BK0109105995 Phnom Penh REAKSMEI

KAMPUCHEA in Cambodian 1 Sep 95 pp 1, 5

[Report by P.S.]

[FBIS Translated Excerpt] [Passage omitted describing forest cover in Phnum Kravanh District] Mei Nan, chief of Phnum Kravanh District, recently said that the Khmer Rouge is destroying the forests in the area in collusion with Thai traders who are being allowed to cut down trees in many areas in the district.

Mei Nan said that the Thai traders came to cut the trees in Phnum Kravanh District, Pursat Province, about 130 kilometers from the border. Thousands of hectares in the forest have been cleared and tens of thousands of cubic meters of timber taken to Thailand. The Thais have been building roads paved with gravel for transporting timber from Phnum Kravanh District to Thailand, and there is still equipment being used to build roads in Chreh village between Kompong Speu and Pursat Provinces.

Mei Nan said that between 60 and 80 vehicles are involved in transporting timber from a number of localities in Phnum Kravanh District. These localities include Tuol Kraoh, Pramaoy, Anglung Kroch, and Rovieng. [passage omitted on Khmer Rouge atrocities against villagers]

Some villagers said that, through their transactions, the Thai traders have given great sums of money to the Khmer Rouge. These villagers also said they had seen Thais bringing other materials to the Khmer

Rouge, including food supplies, war materials, and urea fertilizer.

Since the establishment of the Royal Cambodian Government of Cambodia the Thai Government, as well as Thai military officials, have always denied providing assistance to the Khmer Rouge rebels; they said they are not exploiting Cambodia by doing business with the Khmer Rouge.

Sihanouk Appeals for Release of 'Balloon Six'

*BK0309091295 Hong Kong AFP in English
0731 GMT 3 Sep 95*

[FBIS Transcribed Text] Sept 3 (AFP) — Cambodia's King Norodom Sihanouk has appealed to the country's two prime ministers to amnesty the "balloon six" — six men arrested early last month for distributing leaflets critical of the government.

Four of the six were arrested early on August 5 while they were tying the leaflets to helium-filled balloons to be released during the visit of U.S. Secretary of State Warren Christopher who left later that morning.

The other two, who had written and printed the leaflets, were also arrested. All six could face up to five years in prison for "incitement not leading to the commission of a misdemeanor" if convicted.

The leaflets contained messages urging the government to protect human rights and complaining that the government had not done enough to promote national reconciliation.

The six have been held in jail since their arrest prompting several human rights groups to call for their release, saying they are prisoners of conscience.

In an August 28 letter to the co-premiers seen Sunday, the king said he was responding to those requests.

"I ask that First Prime Minister Prince Norodom Ranariddh and Second Prime Minister Hun Sen do me the favor of amnestying and releasing these six people from prison," the king wrote.

Several government officials said they were not aware if the prime ministers had responded to the request.

Sihanouk Asks BLDP Members To Reconcile

*BK0409103595 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 30 Aug 95 p 2*

[Report by Dararit]

[FBIS Translated Text] His Majesty Norodom Sihanouk, king of Cambodia, head of state, father of the Cambodian nation, and father of national reconcilia-

tion, has called on Buddhist Liberal Democratic Party [BLDP] members to reconcile to lead the party to additional participation in national development.

The king made this appeal when he received Samdech Son Sann and his wife in audience at the Royal Palace on 27 August. His Majesty was very happy to see Samdech Son Sann in good health after convalescing overseas. The king also recalled the gains the samdech had achieved in the process of restoring and developing the country since the Sangkum Reas Niyum era. He also talked about the rift within the BLDP and called on Samdech Son Sann and Ieng Muli to reunite to find a solution that will prevent further division.

It is worth noting that, at a meeting with Cambodian overseas diplomats at the Royal Palace on 24 August, the king told the officials that Samdech Son Sann would see him to complain about Ieng Muli holding an illegal congress to expel him as chairman and his three or four colleagues as members of the BLDP. The king added it was Son Sann who first wanted to remove Ieng Muli from the post of BLDP first vice chairman. Later, however, Ieng Muli officially held a congress of his own to dismiss Samdech Son Sann from the BLDP chairman position.

Imbued with national reconciliation wisdom, the king said he did not want to say who was wrong or right. His only wish is to see Samdech Son Sann reconcile with Ieng Muli. He is very anxious when he sees Cambodians divide and refuse to reunite and compromise. Our Cambodia would be further undermined by a rift that first emerged from minor conflicts like the ones within the BLDP.

Verbal Attack Renewed on Australia's Evans

BK0409103495 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Sep 95

[Unattributed commentary]

[FBIS Translated Text] All manner of aggressors—including the Australian foreign minister named Gareth Evans—can never be allowed to resort to foul acts to shirk responsibility for their crimes as arch aggressor bandits and arch war criminals who eradicate the Cambodian race.

In the (?just past) communist Vietnamese war of aggression, people were killed, wounded, or disabled. They also experienced the bitterest suffering. As for communist Vietnam and its puppets, they wreaked total havoc upon the life of the Cambodian people and the property of the nation and the people.

UNTAC [UN Transitional Authority in Cambodia], the two-heads, and the alliance, together with Gareth Evans—who is a U.S. goon—continued later to fan the flames of the communist Vietnamese war of aggression to prolong the appalling devastation thus far.

Evans, who is a chief war criminal and who has joined hands with communist Vietnam and the United States in exterminating the Cambodian race, can never amend his criminal offense record. It was he who trampled upon the Paris Agreement by maintaining the Vietnamese aggressor forces and the communist Vietnamese administration's continued rule over Cambodia. He also designed the two-heads by completely stuffing various political parties in the communist Vietnamese regime. He gave military aid, weapons, and ammunition to and pushed the two-heads to drag on war with the aim of further doing away with the Cambodian nation and people. He sent his military advisers and experts to Cambodia to join communist Vietnam in launching consecutive military operations against the Cambodian nation and people.

The nation and people need to tell aggressors of all kinds that the Cambodian people have never invaded any country. Communist Vietnam, the United States, Australia, and France—the arch aggressor bandits and arch war criminals—however, have killed humanity and exterminated the Cambodian race. They can now in no way play tricks by resorting to the method of a thief crying stop thief to shift and shirk their responsibility. The Cambodian people unambiguously know the faces of communist Vietnam, the communist Vietnamese puppets, the two-heads, the United States, Australia, and France, which are the arch aggressor bandits, arch war criminals, and exterminators of the Cambodian race.

Khmer Rouge View Government's Foreign Contracts

BK0409093295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Sep 95

["Statement" issued by unidentified spokesman of the Provisional Government of National Union and National Salvation on 3 August; place not given — read by announcer]

[FBIS Translated Text] I. The group of the two-headed traitors, with Hun Sen, Chea Sim, Ranariddh, Sar Kheng, Tie Banh, Pol Saroeun, and Ke Kimyan as ringleaders, has signed contracts to sell 200,000 hectares of land at the common border of Koh Kong, Pursat, and Kompong Speu Provinces to Malaysian, Taiwanese, and other evil companies.

According to the contracts, the nation-betraying two-heads:

1. Allows the international brigand companies devastatingly to cut small and big trees in Kompong Speu, Koh Kong, and Pursat Provinces for several years, beginning at the end of this rainy season.

2. Allows foreign companies to occupy Cambodian plots of land for 70 years, on which they will build entertainment places, brothels, opium dens, AIDS-spreading grounds, casinos, and sites for vices of all kinds.

II. The Provisional Government of National Union and National Salvation [PGNUNS] vehemently condemns and absolutely rejects as null and void the aforementioned contracts that are selling out the nation, land, and forest in Koh Kong, Pursat, and Kompong Speu Provinces and the other deals that the two heads concluded with all international brigand companies in the past, at the present time, and in the future.

III. Since they were born prematurely to infamous communist Vietnam and the villainous alliance two years ago, the traitorous two-heads have continued their nation-betraying and nation-selling activities to slash the throat of the Cambodian nation and people in a most serious manner. The two heads, acting as the out-and-out lackey puppets of communist Vietnam and the alliance, have implemented the warmongering policy of fueling the war of aggression of communist Vietnam and the alliance. The two heads have allowed over 4 million Vietnamese to flow in to wolf down and swallow Cambodia. The two-heads have allowed communist Vietnam to snip at Cambodian territory in the east by chunks, and the two heads have sold Phnom Penh, state buildings, public land, private land, Kompong Som, seas, islands, millions of hectares of forest, national assets of all kinds, and Cambodian women to serve as prostitutes. They have auctioned the nation and people for the purpose of completely eradicating the Cambodian race.

IV. The two-heads must be convicted of the great crimes of betraying and selling the nation and of genocide against humanity.

The group of international brigand companies must totally and fully bear the responsibility for all the consequences of its actions, of robbing, slashing the throats, devouring the flesh, and sucking the blood of the Cambodian nation and people.

[Dated] 3 September 1995.

[Signed] PGNUNS spokesman

Khmer Rouge Denounce Chea Sim for Press Law

BK0409044695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 3 Sep 95

[FBIS Translated Text] Shortly after the king boarded the plane for Indonesia on 31 August, this guy called Chea Sim, the out-and-out lackey of communist Vietnam, immediately signed the so-called press law. This law is opposed by people at home and abroad and by the king himself because it is a fascist law aimed at stifling the freedom of expression of journalists. It is against the constitution and an aberrant law of the world.

The action by Chea Sim, who is an out-and-out lackey of communist Vietnam, shows that Vietnam completely controls the two-heads; that is, Chea Sim at the National Assembly, Hun Sen in the government, Tie Banh in the Army; and Sar Kheng in the police. Everything is Vietnamese. The government, the National Assembly, the Army, the police, and the king are all in the communist Vietnamese cage. So, Cambodia is now something hollow because everything is totally Vietnamese.

For this reason, the Cambodian people in and outside the country are struggling persistently. Never can they allow themselves to be kept in the cage of the communist Vietnamese and never can they allow communist Vietnam to exterminate the Cambodian race.

Indonesia

Government Supports NATO, UN on Bosnia Raids

BK0109121795 Jakarta ANTARA in Indonesian 1045 GMT 1 Sep 95

[FBIS Translated Text] Jakarta, 1 Sep (ANTARA) — The Government of Indonesia supports the firm stand by NATO and the UN over the past few days when a series of attacks were launched on strategic Bosnian Serbs positions.

A Foreign Ministry press statement, received by ANTARA in Jakarta on Friday, stated that: "The attacks were a form of punishment in retaliation for the armed aggressions that have taken numerous civilian lives and threatened UN safe areas in former Yugoslavia."

The Government of Indonesia expressed its hope that the firm action taken by NATO and the UN would make the conflicting parties realize they need not resort to military force to settle a conflict.

It was hoped that the conflicting parties would reconsider and realize the need to solve the conflict peacefully at the negotiating table.

The Foreign Ministry press statement also said the Government of Indonesia was absolutely confident that

direct negotiations between the conflicting parties was the best way to solve the conflict in a just and comprehensive manner.

Top Businessmen Issue Statement After Bali Meet

BK0109134695 Jakarta REPUBLIKA in Indonesian 28 Aug 95 p 1

[FBIS Translated Text] Denpasar — A Pancasila ideology indoctrination course for 96 Indonesian top businessmen yesterday ended with two important events — the issuance of a joint statement called the "Bali Declaration," and a press conference, during which the businessmen expressed their grievances to reporters.

[Leading businessman] Sudwikatmono was chosen to read the "Bali Declaration" at the closing session of the indoctrination course. Four of the seven points contained in the joint statement dealt with the businessmen's attention to small-scale businesses. The joint statement stressed that "democratic principles must be the basis of economic development by promoting a sense of solidarity among economic players."

The four-day indoctrination course was interesting because nearly all top Indonesian businessmen, including Eka Cipta Wijaya, Sudono Salim, Ciputra, Yusuf Kalla, Prayogo Pangestu, Fahmi Idris, Sigit Harjoyudanto, Siti Hardiyanti Rukmana, William Suryajaya, and Sofyan Wanadi attended.

At the press conference in Jimbaran, Nusa Dua, the businessmen noted lack of communications among big, medium, and small businessmen. "However, there is always such a gap among businessmen in developing countries and we will need about 25 years to eliminate it," said Eka Cipta Wijaya, boss of the Sinar Mas Group.

The press conference was chaired by Suprpto, chairman of the Pancasila Indoctrination Board, and his deputy Dr. Alwi Dahlan. Other businessmen who also spoke at the press conference were Sudwikatmono, Aburizal Bakri, and Sofyan Wanandi.

They said that top businessmen, who established the Prasetya Mulya Foundation, have made their contribution by reducing the existing economic gap in society. Citing an example of their contribution on the human resources development, they said: "The foundation has set up an educational institute, which provides skill training up to the MBA level."

The foundation will also initiate programs to enable big, medium, and small businessmen to meet one another this year. "Every year, we will make arrangements for 2,000 to 3,000 small businessmen to meet with big businessmen, who will pay for human resources training and consultation sessions," said Sofyan.

Commenting on press coverage of businessmen's activities, the four businessmen, who acted as spokesmen for their colleagues, expressed the hope that they will get more favorable press coverage. "If a businessman receives unfavorable press coverage, he will have a restless night after a hard day at the office. The next day, he cannot work properly and may make the wrong decisions," said Eka Cipta Wijaya.

Eka added that the press often give unfair coverage to businessmen like him. When his Sinar Mas Group hosted a function for 6,000 members of the public in Lampung, there was only minor coverage of the event. "It does not mean that we want compliments, but please let the people know that we are not doing things only for our own benefit," he said.

Sofyan said reporters often behave in such a way that make businessmen scared of meeting them. "As an example, Uncle Lim (Sudono Salim) is scared of meeting reporters because they always misinterpret what he says," said Sofyan.

Sofyan, who is director of the Prasetya Mulya Foundation, also said an unusual trait of the Indonesian press is that they will criticize Indonesian businessmen and praise foreign ones. "Look at Citibank, which only offers loans to big businessmen and the press praises it. However, the Indonesian press often criticizes Lippo Bank and BCA [Central Asia Bank], which have always assisted and supported small businessmen," said Sofyan.

Editorial Views Efforts To Bridge Economic Gap

*BK0309134895 Jakarta THE JAKARTA POST
in English 29 Aug 95 p 4*

[Editorial: "From Tapos to Bali"]

[FBIS Transcribed Text] The business gathering in Bali over the weekend was very similar to the one at President Suharto's Tapos cattle ranch in West Java more than five years ago. The central topic of discussion at the two meetings was the steep inequality in income distribution and asset ownership. The participants, the owners of the largest business groups which account for about 70 percent of the country's economic activity in the private sector, were almost the same.

Only the format differed. The Tapos meeting in early March 1990 was led and dominated by President Suharto and was later broadcast nationwide by the state TVRI. The 32 participating businessmen — all ethnic-Chinese Indonesians except for two — acted mostly as listeners. The Bali gathering, which featured several cabinet ministers and the Armed Forces chief as the main speakers, was characterized by free-wheeling

discussions among almost 100 businessmen. The three-day meeting therefore was closed to the mass media to allow for frank, vigorous exchanges of views.

It is unreasonable to expect the Bali gathering to have produced more than the seven-point declaration it issued on Sunday. The most important outcome, as stipulated in the declaration, is the conglomerates' commitment to redressing existing inequalities.

However, we are afraid that efforts to bridge the inequalities through the development of small and medium-scale firms and cooperatives will remain ad hoc in nature if both parties — the business community and the government — do not have the same perception of the issues.

We sympathize with businessmen Sofyan Wanandi and Eka Tjipta Widjaya, who complained about the mass media's bashing of conglomerates as the main culprits whenever the issue of inequality arises.

While a number of the businessmen began their business empires with the windfall profits they accumulated from "cash-cow" businesses, monopolies or preferential procurement contracts from the government, they should not shoulder all of the blame. They acted only on the permission of the government, which, due to sheer ignorance or collusions, must also be held partly responsible for widening inequalities.

When the government started the industrialization program in the 1970's, it was right to protect big manufacturing industries in the infant stages. But it forgot to do the same for small and medium firms when the massive deregulation program was launched in 1985 even though the government knew that the capacity of small and medium enterprises to tap the emerging business opportunities was much smaller than that of big businessmen who had at that time accumulated a strong base of capital. Even worse, government policies or individual officials still tend to cause market distortions in favor of big businesses.

Unless this misperception is removed, we will never be able to develop programs to enhance business linkages between the big, medium and small enterprises. Mutually beneficial business tie-ups cannot be decreed or instructed. Such linkages are sustainable only on the basis of normal business concepts and in an economic climate that allows for fair and open competition.

A business climate of equal partnerships between big and small and medium enterprises must be established through simple licensing procedures, for entry to and exit from the business sector, and supported by regulations designed to ensure fair market competition to prevent the abuse of market dominance.

The development of small enterprises always exacts learning costs and these costs cannot be forced entirely down the throats of big businesses. Instead, the government should set up a general, but transparent mechanism of incentives and preferential treatment to encourage big groups to tie up with smaller firms. Even the United States, whose capitalist concept is somewhat alien to our economic terminology, has the Small Business Act, which awards preferential treatment under a fully transparent system to help small firms survive in the free market. South Korea and Taiwan enforce dozens of laws and regulations regarding small businesses.

Our small business bill, which has been in the drafting process for more than five years now, has yet to be proposed to the House of Representatives for deliberation.

Taxation Avoidance Agreement Signed With Italy

BK0309063595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 2 Sep 95

[FBIS Translated Text] Indonesia and Italy have ratified an agreement on the avoidance of double taxation. The ratification instrument between Indonesia and Italy was signed in Jakarta an hour ago by Foreign Minister Ali Alatas and Italian Foreign Minister Susanna Agnelli.

According to Minister Alatas, the foundation for investments between Indonesia and Italy will be strengthened further with the ratification of the agreement on the avoidance of double taxation.

[Begin Alatas recording] In the bilateral context, no problems will emerge in the political and economic fields. It is hoped that improvement can be further achieved in bilateral economic cooperation because Italy's investments are still low compared to other European nations. We have just exchanged the instrument of ratification of the agreement on the avoidance of double taxation, and we have agreed to promote investments already signed and ratified several years ago. A strong basis has already been created as an effort to further upgrade Italy's investments in Indonesia and vice versa. [end recording]

The agreement on the avoidance of double taxation between Indonesia and Italy was aimed at collecting more revenues from Indonesians who are involved in business activities in Italy and on royalties and dividends.

Thus far, Indonesia has signed agreements on the avoidance of double taxation with 52 countries — 31 of them have already been signed while the remainder are either awaiting signature or are still under consideration.

Meteorology Agreement Signed With Australia

BK0109120695 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 1 Sep 95

[FBIS Translated Text] Indonesia and Australia have agreed to cooperate in the field of meteorology and geophysics to ensure the safety of air and sea transport and to contribute to the agriculture and food production. The agreement was signed in Jakarta this morning by Karyoto, head of the Meteorology and Geophysics Board [BMG], and (Willman), director of the Australian Bureau of Meteorology [BOM]. It was witnessed by Communications Minister Haryanto Dhanutirto.

The cooperation will be mutually beneficial because BMG covers a vast tropical area, which lacks meteorological data and relies on other meteorological agencies, like Australia's, for the weather forecast. The BOM is also providing modern technological products to BMG.

The agreement includes activities relating to atmospheric observation, weather radar and satellites, a telecommunications system for data exchanges, and a data analysis and processing system. This is another move by BMG to improve the quality of its meteorological services.

Independent Journalists Alliance Members Jailed

BK0409070095 (Internet) INDONESIA Listserv in English 2 Sep 95

[1 September report by the Geni Foundation in Salatiga]

[FBIS Transcribed Text] Jakarta — A Jakarta district court yesterday sentenced two journalists to 30 months imprisonment each for sowing hatred against the government amidst an international campaign for their release.

"Fascist court, where is your dignity?" jeered a visitor in a packed court room where the crowd repeatedly booed the three-panel judges. Some visitors unfurled posters accusing Information Minister Harmoko as the mastermind of the political trial.

Chief Judge Majono Widiatmaja said that Ahmad Taufik and Eko Maryadi had been found guilty of the Criminal Act of publicly expressing feeling of enmity, hatred, and insult against the Government of Indonesia.

Mr. Widiatmaja said the two had also published unlicensed magazine, INDEPENDEN, through which they insult President Suharto and Harmoko.

The INDEPENDEN magazine, published by the Alliance of Independent Journalists (AJI), reported earlier this year that Harmoko has shares in more than 30 news organizations given to him as ransoms.

Under Indonesian law, a publisher should apply for a license from the Information Ministry before publishing any publication.

Being sentenced back home, the journalists, however, had won international support for their free press campaign. The Brussels-based International Federation of Journalists and a number of international media organizations have repeatedly called on the Indonesian Government to release the detained journalists.

The Committee to Protect Journalists (CPJ) announced in New York on Monday that it would issue one of its annual international press freedom awards to Mr. Taufik.

"As president of his union, Taufik has helped to lead one of the boldest movements for press freedom anywhere in Asia," said CPJ Executive Director William A. Orme, Jr.

"Throughout the five months of his imprisonment and trial, he has steadfastly presented a principled and articulate defense of that right."

According to Mr. Orme, Taufik and others who went on to form AJI played an instrumental role in marshaling public protests against the media bans as well as subsequent violations of press freedom in Indonesia.

Indonesian reporters set up AJI in August 1994 following the failure of the state-sanctioned Association of Indonesian Journalists to protest the closure of TEMPO, DETIK, and EDITOR weeklies.

"Journalists should tell the truth and only the truth. I'm prepared to be jailed just for the truth," said Mr. Taufik, a former reporter of TEMPO and currently of MEDIA INDONESIA newspaper.

A number of noted figures like human rights lawyers Adnan Buyung Nasution and H.J.C. Princen as well as Gunawan Mohamad, former TEMPO chief editor, also attended yesterday's trial session.

Along with some 150 other visitors, they sang patriotic songs, showing their support toward the convicted.

Media watcher Ariel Heryanto told THE WEST AUSTRALIAN that the government is trying to scare journalists. "But AJI activists will not be frightened. They will go on."

The Australian-trained anthropologist said that the Indonesian Government practiced such a threat successfully in the 1970s. "But not now. The time is different now."

The court has last week sentenced AJI office helper Danang Kukuh Wardoyo to twenty months imprison-

ment for helping Messrs. Taufik and Maryadi sowing hatred against the Indonesian Government.

CPJ has presented the international press freedom awards annually since 1991 to recognize the commitment of journalists to the ideals of press freedom even in the face of political persecution and personal hardship.

The award will be presented in New York on December 6 before an audience of leading American journalists and major media executives which include R.E. "Ted" Turner of CNN, Benjamin Bradlee of THE WASHINGTON POST, and Tom Brokaw of NBC News.

CPJ is cofounded and chaired by well known presenter Walter Cronkite of CBS and directed by Katharine Graham of THE WASHINGTON POST, Peter Arnett and Bernard Shaw of CNN, Anthony Lewis of THE NEW YORK TIMES, Dan Rather of CBS, and some other leading media figures.

Government Prosecutor T.S. Limbong demanded the Central Jakarta District Court to sentence the journalists to four years jail term each.

Group Criticizes Jailing

*BK0109132595 Hong Kong AFP in English
1225 GMT 1 Sep 95*

[FBIS Transcribed Text] JAKARTA, Sept 1 (AFP) — A leading anti-censorship group has condemned the Indonesian government for the 32-month jail sentence handed down to two journalists here Friday, according to a statement received in Jakarta.

"In political cases such as these, a guilty verdict is almost a foregone conclusion, all the more so given that the two journalists were tried under abusive laws that criminalise legitimate political speech," the Executive Director of Article 19, Frances D'Souza, said.

Eko Maryadi, 27 and Achmad Taufik, 30, both members of the unofficial Independent Journalists' Association (AJI), were Friday found "legally and convincingly guilty of publicly expressing feelings of enmity, hatred or insult against the government of Indonesia."

The court also found them guilty of consciously using the media to further their own interests or those of a group, and to go against the law.

D'Souza said: "The conviction is yet another attempt by the authorities to destroy AJI ... and to deter other government critics."

AJI was set up in August 1994 to promote press freedom in Indonesia following the banning of three leading publications in June.

It published the "Independen" monthly which the court said was unlicensed and contained the insulting articles.

The London-based Article 19, which takes its name from the freedom of expression article in the Declaration of Human Rights, works for press freedom and anti-censorship around the world.

Commander Confirms GPK Kills 3 Civilians

BK0109131095 Jakarta ANTARA in Indonesian
1000 GMT 1 Sep 95

[FBIS Translated Text] Dili, 1 Sep (ANTARA) — East Timor's Wira Dharma Regional Commander Colonel (Infantry) Mahidin Simbolon has confirmed the brutal killing of three civilians in Samagua village in the subdistrict of Laga, Baucau Regency by the GPK [Security Disturbance Movement].

Speaking in Dili on Friday to reporters about the confirmation of the killings, which occurred on Monday (28 August), he said the three victims were M. Adil (a road construction supervisor from PT Citra Utama), and the other two — Martinho and his brother Marito Ximenes — were local residents.

The information obtained by reporters stated that on the day in question, at around 20.00 local time, Adil and two friends were the only people at the PT Citra Utama "base camp" [preceding two words in English] — the company responsible for the construction of the road network in the district. The other workers were watching television in another area.

A group of seven unknown persons suddenly appeared, some of them brandishing long-barreled machine guns, pistols and knives.

Adil was dragged out of the "base camp" and shot with the long-barreled machine gun, while his two other friends escaped.

Feeling dissatisfied with the brutal killing, the group then broke down the door of the house belonging to two civilians who were sleeping — Martinho and his brother Marito Ximenes. Both of them were shot to death.

Regional Commander Simbolon called on the East Timor community to be alert because of the group's brutal killings and to remain united and not be influenced by issues that could cause dissension.

The public has been urged to immediately report to security forces any action carried out by the GPK members in East Timor, including any suspicious issues.

Meanwhile Drs. [academic title] Virgilio Dias Marchal, the Baucau Regency chieftain, has also urged the community to instantly remain alert and united.

Philippines

Government Urged To Reject Open Skies

BK0509021795 Quezon City GMA-7 Radio-Television
Arts Network in Tagalog 2230 GMT 4 Aug 95

[FBIS Translated Text] Congressman Jerome Paras, chairman of House Committee on Transportation and Communication, has urged the Philippine Government to reject the open skies policy proposed by the United States.

According to Paras, the open skies policy will have a negative impact on the Philippines and Philippine Airlines. Paras explained that the Philippines has no capability to compete with the United States. The aim of the open skies policy is to open Philippine airports for trade with limited restrictions. Paras added that because of the inadequacies of Philippine airports in several necessary areas, it is certain that only the United States will benefit from the agreement.

GATT 'Safety Net' Falls Short by P20 Billion

BK0509013095 Manila MANILA STANDARD
in English 31 Aug 95 p 2

[Report by Fe V. Maragay]

[FBIS Transcribed Text] Malacanang admitted yesterday that only P[Philippine pesos]12 billion, and not P32 billion, had been made available this year for adjustment measures or "safety nets" intended to cushion the adverse effects of the adoption of the General Agreement on Tariffs and Trade (GATT).

The admission was made by economic and finance managers of the Ramos administration during the three-hour breakfast meeting of the Legislative Executive Development Advisory Council (LEDAC) at Malacanang.

The meeting, presided by President Ramos, was attended by Cabinet members and congressional leaders.

Newly-installed Senate President Neptali Gonzales said the 62.5 percent or P20 billion funding deficiency for GATT-related measures was a "flaw" that could hurt agriculture and other affected economic sectors.

The funding shortfall bolstered charges by farmers' groups that GATT funds had been diverted to other projects that are remotely related to GATT.

Senator Gloria Macapagal-Arroyo, who has just been booted out as chairman of the Senate committee on trade and commerce, said at least P6 billion earmarked for GATT adjustment measures in the agriculture sector have not materialized.

Macapagal-Arroyo said the unrealized funds include P5 billion from privatization of government assets and proceeds of minimum access imports (like imported rice and other farm crops).

She also said the P1 billion intended for GATT measures out of realignment of government savings was also unaccounted for. Budget Secretary Salvador Enriquez told the meeting that this specific item was disapproved by Congress during the deliberations on the 1995 national budget.

Appropriations

For 1996, the government is appropriating P14.4 billion for GATT-related safety nets, Gonzales said.

"But this is strictly adjustment measures in accordance with the master plan for GATT," the Senate President said.

Gonzales said it was clear that the P32 billion that was originally committed for GATT actually included funding for regular activities already being implemented by various executive department which may or may not be related to GATT.

"We were made to understand that this fund is merely a consolidation or a rearrangement of various appropriations of the different departments," he said.

Earlier, Senator Blas Ople, who chaired the foreign relations committee which spearheaded the ratification of GATT by the Senate last year, sought a legislative inquiry into the allegation of Raul Montemayor, a top official of the Federation of Free Farmers, that of the P32 billion funding for GATT adjustment measures, P15.4 billion was allotted to the Department of Public Works and Highways.

Montemayor discovered that the bulk of the P15.4 billion went to the construction of major infrastructure project in Metro Manila such as the Circumferential Road-5 and flood control projects.

Only P200 million was actually spent on the construction of farm-to-market roads.

It was also discovered that GATT safety net allocation for the Department of Agrarian Reform [DAR] was merely lifted from the regular budget allocations of DAR.

\$1.2 Billion Loan Agreements Signed With Japan

BK0509015395 Manila MANILA BULLETIN
in English 31 Aug 95 p B-4

[Report by Delfin Sd. Perez]

[FBIS Transcribed Text] The government and the Overseas Economic Cooperation Fund (OECF) signed yesterday loan agreements under the 20th Yen Credit Package (YCP) for the Philippines amounting to Y100.964 billion, or approximately \$1.2 billion.

Acting Finance Secretary Romeo L. Bernardo, together with officials from various government-owned and controlled corporation [GOCC] and government financial institutions [GFI] signed the agreement with OECF Manila Chief representative Masakazu Ishiguro.

This year's YCP will fund a total of 14 projects including four infrastructure and power projects by GOCC's and GFIs These include:

For the national government:

— Agrarian reform infrastructure support project of the Department of Agrarian Reform. Y6.151 B (\$72.13 M);

— Lower Agusan Development Project (irrigation component) of the Department of Agriculture-National Irrigation Administration Y4.04 B (\$47.37 M);

— Metro Cebu Development Project III (Cebu South Road) of the Department of Public Works and Highways (DPWH), Y18.391 B (\$215.65 M);

— Maritime Safety Improvement Project B of Department of Transportation and Communication, Y5.579 B (\$65.42 M);

— Nationwide Air Navigation Facilities Modernization Project, Y6.386 B (\$74.88 M).

Foreign Debt Hits \$39 Billion in 1st Quarter

BK0509041795 Manila MANILA BULLETIN
in English 1 Sep 95 p B-12

[FBIS Transcribed Text] The country's outstanding foreign exchange liabilities rose by 3.1 percent or \$1.344 billion to \$39.042 billion as of 31 March 1995 from the level of P[Philippine pesos] 37.698 billion as of the end of 1994.

Bangko Sentral ng Pilipinas [BSP—Central Bank of the Philippines] said the increase for the three-month period was due principally to the renewed strengthening of the yen against the US dollar during the quarter from 99.2 yen in end December to 89.6 yen as of end March.

However, the BSP said that if to be revalued based on the current yen rate of 96.9/US\$, the debt levels would

have increased marginally by about \$319 million only from the level as of end 1994.

The vulnerability of external debt figures to yen rates is due to the fact that outstanding liabilities denominated in that currency comprise one-third of total debt stock.

Fresh availments against foreign credits slowed down during the quarter in view of the Mexican crisis which prevented emerging economies like the Philippines from tapping the international capital markets for their funding requirements.

Additionally, payments during the quarter included: (a) \$161 million pertaining to maturities owed to Paris Club creditors which fell due from August to December 1994, originally intended to be rescheduled under PC: 5 but which the Philippine Government decided not to pursue; and (b) \$31 million prepayments on private sector credits (including conversion of bonds/notes to shares of stock of the private company which issued the instruments).

As a result, medium and long-term accounts reflected net outflows of \$62 million during the period.

The debt service ratio during the quarter inclusive of these extraordinary/unscheduled payments is about 15 percent; exclusive of such outflows, the ratio is estimated at 12 percent.

The maturity structure of the country's foreign exchange liabilities improved slightly with the ratio of medium/long term accounts to short-term obligations up by 0.79 percent from 84.84 percent; 15.16 percent to 85.63 percent; 14.37 percent.

The public sectors share to total liabilities rose from \$29.240 billion (77.56 percent) to \$30.471 billion (78.05 percent) by the end of the first quarter, largely on account of the yen's appreciation. The recent depreciation of the yen will result in a corresponding reduction in public sector debt levels to \$29.483 billion.

EPG To Seek Acceleration of Tariff Cuts

*BK0509011595 Manila MANILA STANDARD
in English 31 Aug 95 p 13*

[FBIS Transcribed Text] The Eminent Persons Group (EPG) would ask the 17 member-countries of the Asia Pacific Economic Community (APEC) to accelerate by 50 percent the reduction of tariff rates and trade barriers already agreed on in the Uruguay Round (UR).

Former Finance Secretary Jesus Estanislao, the country's representative to the EPG, said this was among the five proposals that would be presented to the APEC heads of states, when they meet on 19 November in Osaka, Japan.

The EPG was the policy making body assigned to come up with proposals for the successful implementation of the regional grouping. It has one representative from every member country.

Estanislao said the 50 percent rule would be applicable as follows:

— Developing countries should cut in half the period for the implementation of their commitments to the UR on intellectual property rights (from four years to two years); trade-related investment measures (five years to two-and-a-half years); and, export subsidies (from eight years to four years).

— Industrial countries should cut in half the period for reducing their tariffs (from four years to two years), their agricultural subsidies (from six years to three), and the value of imports covered in each stage of the 10-year phaseout of the quotas imposed on textile and apparel.

The four other proposals were: the establishment of a dispute mediation service to help resolve trade conflicts; coordination in the implementation of antitrust and anti-monopolies policies; harmonization of product standards and testing procedures; and, support for the adoption of an early warning system to avoid a Mexico-type crisis.

Angara Ouster Seen as Move To Keep Ramos Power

*BK0509035995 Manila PHILIPPINE DAILY
INQUIRER in English 1 Sep 95 p 9*

[From the "Analysis" column by Amando Doronila: "Politics Over Economics"]

[FBIS Transcribed Text] The dismounting of Sen. Eduardo Angara from the Senate presidency brings into sharp relief the political method of President Ramos in seeking constitutional change to allow him to succeed himself after 1998. The removal of Angara, a conspiracy between senators and the president, rips wide open all pretenses that President Ramos is not seeking reelection. The President has decided to bring the issue to a head. If this is correct, then we have to focus our attention on how he is going to achieve this objective through constitutional means.

The strategy seems to be: 1) shift to the parliamentary system, as a maximum objective; or 2) allow him a second term, as a minimum option. Both options involve constitutional change or amendments. In view of a recent Social Weather Stations public opinion survey rejecting overwhelmingly a shift to the parliamentary system, the presidential strategists are more inclined to extending his term under the presidential system

because this option is less messy, less complicated and is less disruptive.

The president is sensitive to opinion polls. He is guided by them in making political decisions. Polls, however, do not easily change his objectives. They merely warn him not to push a project because there is still public resistance. The project may be pushed again when the public mood is more receptive. When the president backs down to public opinion pressure, it is merely a strategic retreat.

In the case of the move against Angara, President Ramos is testing the limits of the democratic method in carrying out constitutional change or how far the public can be pushed. Plots to overthrow congressional leadership engineered by Malacanang are not new in Philippine politics. Most presidents, from Quezon to Marcos, undermined speakers or Senate presidents who stood in the way of their political goals — whether they concern achievement of legislative agenda or bad chemistry with congressional leaders. This method is considered legitimate in Philippine democracy and is accepted as part of the implicit rules of the democratic game.

President Ramos understands this and is pushing the limits of democracy. The success of the move to give him a second term depends upon economic success. He is using the economic card to soften resistance to a second term or a shift to the parliamentary system. In this approach, he differs from President Marcos. The latter used the crisis card to frighten the people to accept martial law. Marcos fabricated or exaggerated economic and social crises. In the case of President Ramos, there is no deep crisis in sight that can justify a declaration of a national emergency. Moreover, there are more safeguards in the present Constitution that restrict the exercise of martial law powers. Being aware of the failed Marcos authoritarian experiment, Mr. Ramos will try to extend his term through constitutional means — or a coup with a veneer of constitutionalism.

Over the past three years, Mr. Ramos has revealed tendencies to solve acute crises by seeking emergency powers from Congress. The legislature obliged in the electricity and water crises. He now wants emergency powers to grapple with the rice shortage. Congress has been accommodating to this series of abdication of powers, and this has emboldened the president to make the move against Angara.

The economic card does not, however, ensure that the people will support constitutional change extending his hold on power. The economic growth his government has delivered is not spectacular or impressive by Asean standards. A five percent growth does not bring much

visible or trickle down benefits. The growth is not even consistent. The latest Neda [National Economic Development Authority] figures show GNP growth rate in the second quarter dropped to 4.9 percent. The growth was pulled down by the poor performance of the agricultural sector. The president has to show better results to give his reelection project wider public acceptance.

The move against Angara has put politics ahead of economics. In the first half of his term, the president gave more emphasis on economic reform and growth. The instability in Congress following the ouster of Angara, which opened the way to political warfare in the Senate, slows the momentum of economic initiatives. The president has politicized the national agenda.

Whether Mr. Ramos will succeed in pushing the limits of political tolerance to constitutional changes is problematic. As I pointed out earlier, there must be a stronger economic performance to drive it. The other problem is the president's bureaucratic approach in dealing with theoretically autonomous bodies — like Congress — and politicians.

The situation is comparable to the impulses towards a third-party presidential candidate among US voters who are becoming disenchanted with its two-party system. Two names with wide political appeal are mentioned as independent candidates: Bill Bradley of New Jersey who has retired from the Senate and has announced his availability for the presidency as an independent; and Gen. Colin Powell, former head of the joint chiefs of staff. Columnist William Pfaff in the Los Angeles Times describes the big difference between Bradley and Powell. He says Bradley at least is an experienced politician and Powell is a political general. Bradley is "acquainted with responsibilities of governing in a democracy." Powell "knows how to climb in a bureaucracy, please superiors and see that orders from above are carried out."

President Ramos fits into the second description. He is uneasy with the democratic ethic and method which involve negotiations. To him, consensus is equated with subordination.

Defense Chief Confirms Buildup of Muslim Forces

*BK0509070995 Quezon City MALAYA in English
1 Sep 95 p 2*

[Report by Nelson de Guzman]

[FBIS Transcribed Text] The Armed Forces is now studying plans to deploy additional troops and paramilitary units in Mindanao in case hostilities break out if

peace talks between the government and the Moro National Liberation Front [MNLF]. [sentence as published]

Armed Forces Chief of Staff Gen. Arturo Enrile said they would activate 50 companies of the Citizens Armed Forces Geographic Unit [CAFGU] in Mindanao in case hostilities resume.

Enrile explained the "troop deployment" is necessary in anticipation of a worst scenario, but stressed the CAFGUs are not yet organized.

"Until there is a strong indication that there'll be some increase in armed hostilities in Mindanao and that we're just anticipating a scenario wherein we would not be caught unprepared," Enrile said.

Enrile confirmed intelligence reports that the MNLF, the Moro Islamic Liberation Front, and the Abu Sayyaf are mass recruiting and taking advantage of the cease-fire agreement, with additional reports that the secessionists have started training their new recruits.

Enrile said these are strong indications which the government should not ignore.

Thailand

Chawalit Makes Statement Upon Return From Burma

BK0309164095 Bangkok THE SUNDAY POST
in English 3 Sep 95 p 1

[FBIS Transcribed Text] Thailand has expressed the hope that problems along the Thai-Burmese border can be solved through cooperation between the two countries.

Both the Thai and Burmese Governments will order local authorities to tackle problems together, Deputy Prime Minister and Defence Minister Gen Chawalit Yongchaiyut said yesterday.

He did not go into detail but his statement on arrival in Bangkok after a two-day official visit to Rangoon indicated Thailand would respond to the conditions set by senior State Law and Order Restoration Council (SLORC) figure Senior Gen Than Shwe.

Gen Than Shwe demanded security problems along the common border, the suspended construction of the Thai-Burmese Friendship Bridge and the fisheries conflict in Ranong be resolved before the two countries expand cooperation.

Gen Chawalit said he discussed sensitive matters with Gen Than Shwe during a golfing session and chat on Friday afternoon, which was said to have taken place in a "cordial" atmosphere.

Gen Than Shwe holds the posts of chairman of SLORC Defence Minister and Commander of the Armed Forces.

During the informal discussion with Gen Than Shwe, Thailand proposed the setting up of a direct line between the Thai and Burmese defence ministers via their military attaches whenever problems occurred along the border, a military source said.

Gen Chawalit, in an effort to rebuild Thailand's strained relations with the Burmese Government, also said Gen Than Shwe expressed interest in visiting Thailand during the Association of Southeast Asian Nation summit to be held in December in Bangkok.

Meanwhile, Lt Gen Khin Nyunt, SLORC's first secretary who hosted Gen Chawalit during a working lunch yesterday, was also preparing to visit Thailand as a guest of Deputy Prime Minister Amnuai Wirawan.

Gen Chawalit also invited his counterpart, Vice Admiral Maung Maung Khin, the Burmese deputy prime minister who oversees direct foreign investment, to visit Thailand "as soon as possible".

Vice Admiral Maung Maung Khin has agreed in principle but further progress on the fisheries dispute between Thailand and Burma is needed before a decision is made.

The priority for the Burmese Government is to have, the murder case involving its fishermen investigated Gen Chawalit said, adding that Rangoon had turned down Thailand's proposal on fisheries cooperation between the two countries.

The cooperation would have involved participation by the Thai Navy, Army and Fisheries Department.

Gen Chawalit said he proposed the two sides discuss the border trade agreement signed in 1992.

Encroachment on land in the border river from the Thai side, which led to the suspension of construction on the Friendship Bridge in Tak, is to be discussed at the forthcoming Regional Border Committee meeting in the city of Taunggyi, Burma, in November.

Chawalit: Burma's Suu Kyi 'Local' Politician

BK0209142595 Bangkok BANGKOK POST
in English 2 Sep 95 p 6

[FBIS Transcribed Text] Thailand does not give special recognition to Burmese dissident leader Aung San Suu Kyi, considering her merely a Burmese citizen carrying out political activities in her country, Defence Minister Chawalit Yongchaiyut said yesterday.

"I don't know why we have paid much interest to her," he said.

Speaking before leaving for an official visit to Rangoon yesterday, Gen Chawalit said there is nothing wrong with following up on political movements and political parties in other countries but it is not proper to place emphasis on any particular person.

Thailand views Mrs Suu Kyi as a local Burmese politician and that the country sees no difference with the way it looks at Thai politicians such as Seritham Party leader Athit Urairat, he said.

"We see political struggle as a common matter," Gen Chawalit said.

The Thai delegation will not discuss the issue concerning Mrs Suu Kyi during the visit, he added.

The Defence Minister apparently tried to avoid comments about Mrs Suu Kyi, who was released in July by the State Law and Order Restoration Council (SLORC) after almost six years under house arrest, for fear that it might affect the relations between Thailand and Burma.

Gen Chawalit also brushed aside remarks that his visit might affect Thailand's image because Burma is still under dictatorial rule, saying it is Thailand's duty to convey messages of the world community to see peace in Burma.

Thailand has established diplomatic relations with several countries which are ruled by the military governments, he said.

Gen Chawalit said the Thai delegates will discuss general issues with the Burmese authorities during the visit, ending today.

Thailand is ready to cooperate and coordinate efforts with Burma in narcotics suppression through exchanging information and stepping up joint crackdown operations.

But Gen Chawalit said Thailand may not be able to comply with Burma's request that it stop providing medical care to wounded troops of drug warlord Khun Sa fighting the military government.

It is necessary for Thailand to provide humanitarian assistance to people seeking refuge in its territory, he said.

But any refugees suspected of involvement in drug trafficking would be detained for questioning after treatment, he said.

Gen Chawalit said Thailand has mercy in allowing Burmese students to take refuge in the country.

However, those students should know that it would be inappropriate to use Thailand as a base to stage protests

and other political activities against the Burmese government.

"We may already have given them too much by allowing them to stay peacefully in Thailand," he said.

Gen Chawalit said his visit to Burma is not based on Thailand's constructive engagement policy or any other policy towards that country.

"I go there because we are brotherly countries."

Those accompanying Gen Chawalit to Burma include his adviser Phat Akkhanibut, his secretary Bunchu Wangkanon and Assistant Army Chief, Gen Chettha Thanacharo.

Minister Pledges To Help Burma Against Khun Sa
BK0409050695 Bangkok THAILAND TIMES
in English 4 Sep 95 p A1

[FBIS Transcribed Text] Chiang Mai — The situation at the Burmese-Thai border was tense once again yesterday after the Rangoon government mobilized fresh troops to encircle the area occupied by Khun Sa's Muang Thai Army (MTA) on the Burmese side of the border of the northern province of Mae Hong Son.

The latest move by the Burmese military junta occurred right when Thai-Burma relations have improved following a visit to Burma by the Thai Minister of Defense, Gen [general] Chawalit Yongchaiyut, who pledged to help Rangoon suppress Khun Sa, one of the most-wanted international drug kingpins, if Burma so requested.

According to sources in the area, about four battalions of Burmese government soldiers were sent into the area late last week. Many of them could be seen moving around Ban Hua Mae Muang, just opposite Mae Hong Son's Muang District, poised to attack their stronghold. Heavy artillery pieces were also mounted in the area, said a military source.

Responding to questions before leading a Defense Ministry team to Rangoon on Friday, Gen Chawalit said narcotics suppression has always been one of the policies of the Thai government, and the Thai military is willing to give its support if requested.

The Defense Minister also said that he will offer Burma full cooperation in its military campaign against Khun Sa.

"Khun Sa is a narcotics trafficker so Thailand is ready to offer full cooperation in crushing him if the Burmese government asks for it," Gen Chawalit said.

Khamron Bunchoet, the governor of Chiang Rai, yesterday said a group of Khun Sa's armed men crossed

the border to steal villagers' cows a few days ago and shot dead one Thai. He said he had been to the area to comfort the locals, mainly hilltribe people.

The incident reveals that Khun Sa's men were in a difficult situation after government forces were deployed to surround their stronghold.

However, a source close to Khun Sa said yesterday that the MTA have the capability to cope with the government's attack. He also claimed that the MTA had already foiled the government's attempt to attack Ban Hua Mae Muang, Khun Sa's headquarters.

In Rangoon yesterday, the Thai ambassador to Rangoon said that bilateral relations between the two countries had improved since Chawalit's visit.

"Normalization of the relations is under way now," the Thai ambassador to Burma, Poksak Nin-ubon, said in a telephone interview.

Poksak, who declined to elaborate the details of discussions between the Thai delegates and their Burmese counterparts, spoke with Reuters one day Gen Chawalit returned from his two-day visit to Rangoon.

Chawalit is the most senior Thai official to visit Burma since the Burmese ordered the border closed in April right after the MTA raided a Burmese border town.

Opposition Leader Criticizes Chawalit Visit

BK0509065895 Bangkok THE NATION in English
5 Sep 95 p A5

[FBIS Transcribed Text] Opposition Ranong MP Wirat Romyen yesterday questioned the effectiveness of Defence Minister Gen [General] Chawalit Yongchaiyut's visit to Burma, saying it had failed find a solution to the border trade crisis in Ranong.

Democrat Wirat also blamed Thai Foreign Minister Kasemsamoson Kasemsi for not taking the lead as foreign minister in solving the crisis. Kasemsamoson earlier said efforts to restore good ties with Burma were a chain reaction and that he would probe the results of Chawalit's visit to Burma before deciding when to go there himself.

The MP said these two factors added to the worsening situation at Ranong. He said he would submit a motion to Parliament asking Chawalit to explain clearly what he had accomplished in Burma over the weekend.

Meanwhile, Burmese local authorities have reportedly further enforced the border closure order at Victoria Point, opposite Ranong province, by slapping a five-month-long ban on Burmese agricultural exports to Thailand and forbidding Burmese from entering Thailand.

Burmese authorities earlier last month ordered the closure of the border crossing at Victoria Point following the killings of Burmese fishermen, allegedly by a Thai skipper licensed by Narongchai Canning Co.

Burma Sets Conditions for Improvement in Ties

BK0209110795 Bangkok BANGKOK POST
in English 2 Sep 95 p 1

[Report by Nutsara Sawatsawang]

[FBIS Transcribed Text] Rangoon — Burma has set conditions for Thailand to meet before the two countries can expand cooperation, Defence Minister Chawalit Yongchaiyut said yesterday.

The State Law and Order Restoration Council identified security along its border with northern Thailand, the suspended construction of the Thai-Burmese Friendship Bridge and fisheries conflicts in Ranong province as the problems that need to be resolved first, Gen Chawalit quoted Gen Than Shwe as saying.

Gen Than Shwe is chairman of the ruling SLORC [State Law and Order Restoration Council] and also defence minister and commander of the armed forces.

He and Gen Chawalit met yesterday after he arrived in Rangoon for the two-day visit.

Foreign Minister Ohn Gyaw was also included in the Burmese delegation discussing bilateral issues with the Thai side.

Although SLORC did not mention any group by name which threatens its security, it is known that Rangoon was referring to drug warlord Khun Sa and his aides who sometimes take refuge and receive medical treatment on Thai soil.

Concerning the suspension of bridge construction, Gen Than Shwe was quoted as saying that the Burmese government wanted to see the construction resumed "as soon as possible" but the problem stemmed from the fact that "there are some groups of Thais who abused a small island in the (Moei) river for their own benefit."

The present land encroachment into the river where there are stalls and shophouses, including rock filling along the river bank, is considered by the Burmese authorities as altering the borderline and infringing on its sovereignty.

Gen Chawalit promised that Thailand would not stay idly by but intended to tackle all problems to strengthen bilateral ties.

"I wished our relations could date back into 1988 when it was very warm and Gen Than Shwe said he feels the same," he told reporters.

He said Thai authorities concerned have plans to enforce measures on the border but refused to elaborate.

The murder of Burmese fishermen deepened already soured relations between the two countries.

Gen Chawalit handed a letter on behalf of Prime Minister Banhan Sinlapa-acha to his counterpart.

The letter expresses the Premier's intention to visit Rangoon as soon as possible, probably before the summit of the Association of Southeast Asian Nations in December in Bangkok.

An official in the Thai delegation said the prime minister would arrange for the visit after tension has eased and temporary checkpoints are reopened.

Foreign Minister Kasemsamoson Kasemsi said yesterday he plans to consult the Burmese government in his forthcoming trip to Rangoon to pave way for the prime minister's visit.

M.R. Kasemsamoson departs for Phnom Penh this afternoon and is scheduled to return on Monday.

The visit of the prime minister would follow a series of exchange visits over the next four months between Thailand and Burma, he said.

"I wish to speed up the adjustment procedure to make relations back to normal and step further into bilateral cooperation.

"Mr Banhan's trip is the end of all bad things (between the two countries) and the beginning of future cooperation," said M.R. Kasemsamoson.

Gen Chawalit is the first minister of the Banhan government to visit Burma.

Gen Chawalit, who has established close connections with senior members of the Burmese junta, will try to use his personal relations to restore soured Thai-Burmese relations.

M.R. Kasemsamoson said he would visit Burma in his capacity as co-chairman of the Thai-Burmese Joint Commission and hope to lay the groundwork for future relationships.

He said Gen Than Shwe would come to Bangkok to participate in the summit of leaders from 10 Southeast Asian countries, to be held back-to-back with the ASEAN Summit at the end of the year.

The Foreign Ministry also plans to invite Lt-Gen Khin Nyunt, secretary of the SLORC, to visit Thailand.

M.R. Kasemsamoson said he telephoned on Wednesday to extend an invitation to Khin Nyunt for the visit.

Lt-Gen Khin Nyunt agreed in principle last January to visit Thailand as guest of the then-Deputy Prime Minister Chamlong Simuang, but the plan was shelved due to border tension between the two countries.

The foreign minister also commented on the keynote address by Burmese dissident Aung San Suu Kyi at the NGO Forum on Women in Beijing, that this should not lead to any problem between Bangkok and Rangoon.

The videotape was originally scheduled to be brought to Beijing by MP Khunying Suphattra Matsadit who is convener of the NGO Forum on Women.

She was banned from entering Burma but the forum still managed to smuggle the tape out of the country.

Karenni Fighting Halts Logging Operations

*BK0209124495 Bangkok BANGKOK POST
in English 2 Sep 95 p 6*

[FBIS Transcribed Text] Mae Hong Son — Fighting between SLORC [State Law and Order Restoration Council] troops and the Karenni National Army over the past two months has forced a Thai logging firm to cease its operations in Burma.

The fighting along the Thai-Burmese border opposite Mae Sariang District has prompted the Thai Industrial Vinyl 1992 Co to cease transporting 400,000 cubic metres of processed wood into Thailand from its sawmills at Ban Mae Jae in Loi Kaw Province, Burma.

The company was previously transporting its wood through the Ban Sao Hin and Ban Huai Ton Nun border passes.

Illegal taxes imposed by the Karenni National Party Liberation Front (KNPLF), which controls the area, is another factor discouraging the company from continuing with its business, according to a company source.

Between March and June the KNPLF seized two of the company's excavators which were returned after ransom was paid to the group, he said.

The company, which was granted a logging concession in Burma, decided to hand over its excavators to Rangoon troops and officially notified the SLORC that it wanted to temporarily cease operations.

The company requested the troops take care of the sawmill and its equipment, worth over 50 million baht.

The Thai Industrial Viny 1992 Co earlier signed a contract with the Phonphana Co Ltd to transport the processed wood products from Burma.

So far, the Phonphana Co has brought out 21,961 cubic metres of wood products and 57,300 wooden planks,

worth a total of 108.2 million baht, through the Ban Sao Hin pass.

But Thai Industrial Vinyl 1992 Co may have other motives for ceasing its operations, other sources claim.

One could be to close this particular logging route to prevent smaller logging companies from using it to illegally transport logs from that area into Thailand.

This would force the small operators to deal directly with the company.

Foreign Minister's Visit to Cambodia Previewed

BK0409011695 Bangkok THE SUNDAY POST
in English 3 Sep 95 p 4

[FBIS Transcribed Text] Phnom Penh — Foreign Minister Kasemsamoson Kasemsi arrived here yesterday with three main issues to discuss with the Cambodian Government.

Border safety and co-operations support for investment and development, and plans to help Cambodia prepare to join the Association of Southeast Asian Nations were top of the agenda, he said before kicking off his three-day official visit.

Border safety was essential to Thais living locally, he said, and it would also encourage trade between residents on both sides.

He would discuss plans to open permanent border checkpoints with Cambodia with his Cambodian counterpart Ung Huot to increase border cooperation.

He did not go into detail, but the two countries plan to set up checkpoints between Sa Kaeo Province and Banteay Meanchey Province in Cambodia, and Trat Province and Cambodia's Koh Kong Province.

M.R. Kasemsamoson admitted that fighting between Cambodian forces and the Khmer Rouge affected safety of Thailand and expressed confidence that the problem could be solved through a three-level border mechanism expected to be in action soon.

Thailand did not support the Khmer Rouge or other "rebel groups" which threaten the Cambodian Government, he said.

The minister stressed Thailand's readiness to cooperate with Cambodia on border matters through committees at local, regional and national level.

The bodies were formed in May and are hoped to be up and running as soon as possible.

The Government would lend support for investment, promotion and development in Cambodia through its Exim Bank and the Indochina Fund, he said.

The bank is ready to give credit with low interest rates for projects in Cambodia.

Cambodian First Prime Minister Norodom Ranariddh on Friday called for more investment especially in the tourism business from Thailand.

M.R. Kasemsamoson will offer training for Cambodian officials so they can learn the workings of ASEAN as Phnom Penh prepares to become a member.

And he would also invite Cambodian co-premiers Norodom Ranariddh and Hun Sen to attend the ASEAN Summit in Bangkok on December 14-15.

Talks with the Cambodian Foreign Minister will start tomorrow, the last day of his visit.

He will also be granted an audience by King Norodom Sihanouk and Queen Norodom Monique Sihanouk tomorrow.

Meanwhile, Deputy Interior Minister Suchat Tancharoen said the Defence Minister should visit Phnom Penh to find ways of dealing with the problem of Cambodian bandits at the border.

Mr Suchat said he would submit a report on border security to Gen Chawalit Yongchaiyut.

He was told by the Burapha Task Force, which oversees the area, that food shortages were an important reason why Cambodians were turning to arms and robbing villagers near the border, he said.

Cambodia is short of rice and commodities such as cement, partly owing to delays in shipments of Thai products to Cambodia, where red-tape is a problem at border checkpoints.

Thai border trade at Sa Kaeo is worth 200-300 million baht a month.

Prime Minister Repeats 'Inflation Under Control'

BK0509063295 Bangkok BANGKOK POST
in English 5 Sep 95 p 15

[FBIS Transcribed Text] An investigation is under way to find out who leaked Thailand's Consumer Price Index [CPI] for August to the Press, according to a senior source at the Business Economics Department.

The unofficial CPI, which stood at a high 6.2 percent, was leaked last Friday. The leak has caused a furor at the Ministry of Commerce.

The source said the department's director-general, Kroekkrai Chiraphaet, had ordered an investigation to find out who in his department leaked the news.

At the same time, the Business Economics Department has suspended its official announcement of the figure which was slated to be released yesterday.

The leak violated an order by Commerce Minister Chuchip Hansawat that no inflation figures could be released without his approval.

The source said Mr. Chuchip made the order after July's CPI figure of 5.8 percent was released last month.

He was dissatisfied with the figure, which pushed inflation for the first seven months of the year to 5.2 percent, beyond the 5 percent target set by the Banhan Government.

After the July inflation was released, the Army Radio publicly criticised the Government over its handling of prices, a move that has put the Government under some unwelcome pressure.

If August's CPI is 6.2 percent as was reported last Friday, the inflation rate for the first eight months of the year has reached 5.3 percent. The 6.2 percent figure was confirmed yesterday by the Bank of Thailand and the Finance Ministry.

Despite the inflationary pressure, Prime Minister Banhan Sinlapa-acha has said the current economic situation is not worrisome and that agencies concerned, including the Bank of Thailand, can implement the necessary measures to curb inflation.

The central bank has already acted to control inflation by controlling the credit extension of banks and issuing bonds to absorb excess liquidity to keep interest rates high.

Mr. Banhan said inflation was under control and should not go beyond 5-5.2 percent, adding that he had asked the Finance and Commerce ministries to better coordinate their strategies to control inflation. As well, the Cabinet has assigned Deputy Prime Minister Amnuai Wirawan sole authority to handle inflation.

Meanwhile, Deputy Commerce Minister Phairot Suwan-nhawit said the sharp rise of the CPI in August was normal. He said the CPI peaked every August.

However, the Commerce Ministry has tried to alleviate inflationary pressures by intervening in the market to control the prices of certain goods.

The intervention was only short-term and would not affect price structures in the long run, he said.

Mr. Phairot affirmed that inflation would not exceed 5.3 percent this year. However, he said the current inflation level should not be seen as a setback for the Thai economy which is growing quickly.

According to an Agence France Presse report, Finance Minister Surakiat Sathianthai said inflation would be capped at 5.2 percent through implementation of disciplined fiscal policies and tight money control.

He played down the current inflationary pressures by citing statistics indicating that inflation traditionally dropped in the last quarter of the year when more agricultural produce reached the markets.

To soften the impact of the monthly CPI announcement, Kosit Panpiamrat, chairman of the Prime Minister's advisory board, said the Business Economics Department should not release the CPI figure. Instead, the department should simultaneously release figures for both non-food and food items, he said.

The rising index could mainly be attributed to the prices of agricultural products, not non-food products, he explained.

Officials Accuse Army Chief of 'Nepotism'

*BK0409054495 Bangkok THAILAND TIMES
in English 4 Sep 95 p A1*

[FBIS Transcribed Text] Bangkok — Army Commander-in-Chief Gen [General] Wimon Wongwanit was yesterday criticized by senior military officials for showing bias in the annual military reshuffle.

"Nepotism has played an important role in the military reshuffle. Wimon, in particular, has adhered to three factors for considering promotions. Military officials who are in special war units or 'Red Hats', Wimon's old schoolmates from England, and subordinates close to him are the only ones who get promoted," said an important source in the army, who spoke on condition of anonymity.

However, he said, Defense Minister Gen Chawalit Yongchaiyut could change what he called an unfair reshuffle list.

Lt Gen [Lieutenant General] [rank as received] Chainarong Nunphakdi is in line to be promoted to be assistant army commander in the annual military reshuffle. The proposal on promoting Chainarong has been opposed by the public due to his involvement in the May 1992 bloodshed.

Prime Minister Banhan Sinlapa-acha has given full authority to Chawalit to make any changes in the list.

"Army commanders-in-chief currently do not have qualifications as good as those of previous commanders because of the power legacy system," the source added.

He said that if the army does not solve the problem now by using a system of merit in considering promotions of military officials instead of nepotism, the concept of "seniority" will vanish.

As it stands now, many senior military officials leave the army to join the private sector or study abroad if not promoted.

Meanwhile, the rector of the Thai Chamber of Commerce University Kroekkiat Phiphatseritham said clashes may result between the people and the military if the investigative results of the May bloodshed of 1992 are revealed now.

Several groups including the Democracy Confederation, the Student Federation of Thailand and academics have demanded the military to disclose its "White Paper" on the uprising.

'Show of Force' Not Discounted on Reshuffle List

BK0309155995 Bangkok THE SUNDAY POST in English 3 Sep 95 p 3

[FBIS Transcribed Text] A top Army officer says he cannot guarantee there will be no "show of force" to demonstrate dissatisfaction if the annual military reshuffle list is changed by Defence Minister Chawalit Yongchaiyut from the original worked out by the armed forces.

"How can I give such a guarantee? The matter is for the superiors to decide and I have nothing to do with it," said Assistant Army Chief Gen Chettha Thanacharo.

Gen Chawalit said on his return from Burma yesterday that he had not received the list and would not mix the armed forces with politics as many people feared.

Chat Phatthana Party MP for Nakhon Sawan Sunai Chulaphongsathon has called for him to explain his duties and power to interfere in the reshuffle.

Gen Chawalit responded: "I have much authority and many duties to perform. If he looks up the Defence Ministry Act, he will know what authority I have."

Gen Chettha said if the reshuffle was done according to normal procedures and the law there would be no problem. The minister could alter the list within legal limits.

"We have to look at past practice. If everything is done according to the law, there will be no problem," he said.

His remark follows controversy over the proposed promotion of Gen Chainarong Nunphakdi, chief of staff officers attached to the Army Commander, to assistant army chief.

Pro-democracy groups oppose Gen Chainarong being promoted because of his role in the shooting of pro-democracy demonstrators in May 1992.

Gen Chawalit, in Rangoon on Friday, implied that because of this Gen Chainarong and others in the same situation risked having their names removed from the list.

Gen Chettha, a Chulachomklao Military Academy Class Nine graduate, is also tipped to be deputy army commander.

He is said to have full backing from Gen Chawalit and accompanied the minister to Rangoon.

Gen Chettha, responding to a call by pro-democracy groups for the Army's "White Paper" on May 1992 events to be made public, said a decision rested with his superiors.

But he predicted Army Chief Wimon Wongwanit would not make it public until an "appropriate" time.

Army Denies 'Shoot-To-Kill' Order at '92 Protest

BK0209132495 Bangkok THE NATION in English 2 Sep 95 pp A1, A2

[FBIS Transcribed Text] The Army's internal investigation of the bloody May 1992 crackdown on pro-democracy protesters has concluded that no orders of "shoot-to-kill" were given by any Army commander of the security forces patrolling Ratchadamnoen Avenue.

The investigation report is being used to defend Gen Chainarong Nunphakdi, who is tipped to become Army chief of staff in the annual reshuffle.

Chainarong yesterday refused to comment on his involvement in the crackdown as chief of the First Army Region or the growing opposition to his planned promotion.

Army sources said the "white paper" stated that the 35 people killed in the incident could have been hit by stray bullets fired by troops in the chaos following a clash between protesters and members of the security forces.

Political action groups which led the popular protest against the Suchinda government put the death toll at over 50.

"Most of the casualties took place when a group of protesters seized a bus and rammed it towards an army cordon, prompting the nervous troops to fire at the vehicle's tyres in an attempt to stop it," an Army source quoted from the report.

The report said the troops' action was justified as it had been in self-defence.

All the Army officers involved in the incident who were questioned by investigators insisted that none of them trained their guns on protesters with the intention to hurt or kill them.

"Most of the gunfire was directed at the sky in an attempt to disperse the crowds," one of them said.

Many of the Army officers involved in the incident, however, admitted that most of the troops had no prior experience in mass control techniques and some of them panicked when confronted by the angry, unarmed protesters, an action which resulted in casualties.

The report said the Army had to stop the advance of the pro-democracy protesters on Ratchamnoen Avenue because they had received intelligence reports of the protesters' plan to march on Chitlada Palace.

"The Army's duty is to defend the monarchy. We didn't know the motives behind that move (the march toward the Chitlada Palace), so we had to stop them," said one of the officers in his testimony.

The report also mentioned a "third party" which caused casualties and blamed the troops as part of an attempt to discredit the Army.

"Snipers were spotted on the rooftops of high-rise buildings," according to testimony cited in the report.

Commentary Instructs Government on Army Radio
BK0209143895 Bangkok THE NATION in English
2 Sep 95 p A3

[Commentary by Political Desk: "No Need for Government To Fret Over Military's 'Advice'"]

[FBIS Transcribed Text] The government's panicky reaction to a critical commentary in a military radio programme is no surprise to longtime observers of Thai politics.

The Banhan administration had good reason to panic, given the fact that the powerful armed forces have managed to seize power more than 10 times during the 60 years of the Thai democratic system.

On the morning of Aug 25, the SAYAMMANUTSATI radio programme was broadcast on about 20 military stations nationwide, criticizing the government for ever-rising commodity prices and expressing the hope for "brave and strong leaders to manage the country".

The commentary also said: "We, Thai people, still hope that one day — in the not-so-long future — we will get social leaders who are bold and brave enough to bring justice to society.

"And when the day comes, the problem of unreasonable high prices will no longer exist."

When asked to comment on the critical programme on the same day Prime Minister Banhan Sinlapa-acha gave a surprising response, remarking: "Did they really say so?"

Later in the day the premier reportedly called Supreme Commander Gen Watthanachai Wutthisiri to "clear the misunderstanding".

But the general reportedly said that he had no knowledge of the commentary because he had just returned from an overseas trip.

But earlier, when asked by reporters about the matter, Gen Watthanachai said that soldiers are entitled to have their say or criticize.

"I can't shut their mouths. Soldiers would be called turtle if we did not let them talk," he said.

Army Commander-in-Chief Gen Wimon Wongwanit said that the writer of the critical commentary was not a soldier and ruled out the possibility of a military coup or intervention in politics.

Wimon gave an assurance that no military leaders "of our generation" would stage a coup, although he added: "I can't make a long-term guarantee for the next 100 years."

The Army chief insisted that the military-government relationship is "at its best" and the present tension is the result of media sensationalism.

Wimon's deputy, Gen Phaibun Emphan, who is tipped to become the next Army chief, called speculation linking the commentary to a possible coup "a massive exaggeration".

The officer responsible for airing the controversial programme on Wednesday publicly apologized to the government.

"I'm very sorry the programme caused chaos ... we did not intend to rock the government," said Assistant Army Chief of Staff Lt Gen Chaturit Phromsakha na Sakon Nakhon.

While military leaders tried to play down the critical radio commentary, the government's panicky reaction made it the hot political issue in newspapers during the past week.

Deputy Prime Minister and Defence Minister Chawalit Yongchaiyut said the commentary had "a good beginning, but a not-so-good ending".

It was reported that a Cabinet member linked the military radio's critical commentary to the upcoming annual military transfers.

He reportedly was suspicious that certain high-ranking officers were behind the criticism of the government as there has been speculation that the officers linked to the bloody suppression of pro-democracy protesters in May 1992 would not be promoted this year.

Banhan called an emergency meeting of coalition leaders and secretaries-general for the first time to discuss possible measures to help curb commodity prices.

The government had previously been indifferent to rising prices.

This begs the question, does the government really want to solve the problem or does it want just to try to appease the military to avoid a coup?

Banhan appeared to believe the analysis by a political pressure group that the radio commentary reflected a lack of public confidence in the government and could influence the people to long for "a knight on a white horse" to run the country, or a military coup.

It is true that strained relations with military leaders rocked the stability of several governments in the past.

But there is no need for Banhan to try to appease the military to ensure a good relationship.

Chatchai Chunhawan, when he was prime minister, tried to appease military leaders by inviting them for morning coffee every Wednesday.

But that could not save his government from a military coup and he was overthrown in February 1991.

Banhan's predecessor, Chuan Likphai, on the other hand, had neither regular breakfasts nor gatherings with the top brass.

But the previous government's ties with the military were warm throughout its tenure.

The Chuan government — which left power in a democratic way, and not after a military coup — managed to keep soldiers in their barracks.

So this government should not go backwards by getting mired in an old political scenario in which a government tries to follow the military's "advice" on how to deal with the country's problems.

Today, few Thai people want their elected government to try to ease their woes only after prods from the military.

Despite their dissatisfaction over certain Cabinet members with questionable backgrounds, it is unlikely the

majority of the public would call for "a knight on a white horse" to run the country, in place of a democratically-elected government.

If the government panics every time the military moves, it will cause only instability for itself.

What the government should do is pay attention to the attempt to link the radio commentary to the upcoming annual military transfers.

It should try to determine if there is a ill-intentioned "third party" behind this and then go to the root of the problem in order to solve it.

Army Asked To Release Paper on 1992 Killings

*BK0409044895 Bangkok THE NATION in English
4 Sep 95 p A4*

[Editorial: "White Paper or Whitewash?"]

[FBIS Transcribed Text] The controversy surrounding this year's annual round of military promotions has triggered thinly veiled warnings of possible confrontation, backlash and civil strife. Nevertheless, it should be welcomed as a sign of the growing accountability with which the public is demanding of all branches of government and civil service.

At the centre of the affair is a well-known human flashpoint in Thai politics — Gen [General] Chainarong Nunphakdi, currently chief of staff officers attached to the army commander. He is widely tipped to be named as a new assistant army chief in the impending reshuffle.

What has made the general so controversial was his role as First Army leader over the four nights of political upheaval that rocked Bangkok in May 1992 and left scores of people dead, most of them shot by Chainarong's men.

Much of what happened on those hot, tumultuous nights remains murky. The details having fallen victim to modern myth-making, political manipulation, sensational or inaccurate reporting or just outright suppression of information.

It is now more than three years since Black May and there has still been no detailed and authoritative official inquiry on the incident released to the public.

White Paper

A Defence Ministry report was drawn up in the immediate aftermath of the unrest and its findings were used by the Anan government to justify the removal of several military leaders. But it was so vague and clearly seeking to avoid being provocative that it raised as many questions as it answered.

Amid the lingering confusion and suspicion, current Army chief Wimon Wongwanit raised eyebrows recently when he referred to a previously unheard of white paper prepared by the military on the May events. Without giving much away, Wimon implied this document justifies the planned promotion of certain military officers, a clear reference to Gen Chainarong.

Gen Wimon however has refused to release the paper because of what army officials are calling "the need to wait for a more appropriate time".

This official line is not only disingenuous, it is self defeating.

If the unseen document contains evidence that clears Chainarong of bearing responsibility for the deaths of the unarmed demonstrators, then, obviously, the right thing to do would be to release it and allow the embattled officer to clear his name.

Refusing to do so only reinforces the impression of many in Thailand that the military leadership views the armed services as their own private boys club that is accountable to nobody but themselves. While it is necessary to avoid politicizing the military, the generals must not be allowed to forget that they are in the end civil servants whose loyalty should be to the people, not their own political agendas or class peers.

Criteria Important

As such, democracy activists and student groups are right to be clamouring to see the white paper and, along with some politicians, questioning the whole criteria with which the military uses to promote officers. As Deputy PM [Prime Minister] Thaksin Chinnawat noted, seniority is not a particular good criteria to use to promote people in the modern age. Knowledge, ability and ethics, especially ethics, are far more important.

As things stand at the moment there are some very serious questions hanging over the head of Gen Chainarong. If he did not order his troops to fire on the crowds gathered at Phan Fa bridge in May 1992, as the army reported on Friday, then at the very least his soldiers showed an appalling lack of discipline that reflects poorly on their commanding officer. An officer who cannot control his troops is hardly the kind of person who is suitable for an important position in the higher leadership.

The doubts and suspicions that surround Chainarong may be unfair. But they will remain as long as the army refuses to release all the information and evidence it has about the May killings.

Vietnam

Agreement With Thailand on Continental Shelves

BK0409072495 Hanoi VNA in English
0654 GMT 4 Sep 95

[FBIS Transcribed Text] Hanoi VNA Sept. 4 — Vietnam and Thailand have agreed that Tho Chu, a small island off the Vietnamese coast, would serve as the basis for the delineation of continental shelves in the Gulf of Thailand, in line with international law.

The agreement was reached after three-day talks which ended recently in Phatthaya, Thailand, between experts from the two countries. The fifth round of talks was co-chaired by Nguyen Quy Binh, head of the Foreign Ministry's International Law and Treaty Affairs Department, and his Thai counterpart Krit Kanchana Kunchon.

Both sides are to hold the sixth round of talks in Vietnam as soon as possible in order to delineate and finally settle overlapping claims over more than 6,500 sq. kilometres in the Gulf of Thailand. A source at the meeting said the two sides should be able to finalize the matter at the next meeting.

However Mr Binh said Vietnam wanted to have time to carefully study international law and, options available for the settlement.

Speaking to the media after the talks, Mr Krit said he was satisfied with the outcome of the fifth round of talks

Commentary Views Thai Deputy PM Visit

BK0509105695 Hanoi Voice of Vietnam in English
1000 GMT 1 Sep 95

[Station commentary]

[FBIS Transcribed Text] Thailand's First Deputy Prime Minister Sombun Rahong, who is also honorary president of the Thai SAS Trading Company, is now on a working visit to Vietnam. Voice of Vietnam has this comment:

Ties between Thailand and Vietnam have been further developing, especially following Vietnam joining of ASEAN. In mid-August, the Thai financial minister, Mr. Surakiat Sathianthai, visited Vietnam and reached agreement on the strengthening of bilateral financial relations. Immediately after his return to Bangkok, the Agriculture Bank and Exim Bank of Thailand decided to grant \$100,000 aid to Vietnam later this year for cement production. The Thai Government also rescheduled a loan of about \$37 million to Vietnam for another two and a half years.

During his talks with the Vietnamese prime minister, the Thai financial minister also suggested that the two countries should set up a joint committee to study and draft short-term investment projects and ensure the successful implementation of agreements signed between the two countries.

Meanwhile, Vietnam and Thailand have discussed ways to solve pending issues between the two countries, including the use of the continental shelf in the Gulf of Thailand. After three days of talks in the Thai resort of Pattaya, Vietnam and Thailand signed an agreement considering Tho Chu Island offshore Vietnam as the base for the delineation of the maritime border between the two countries according to international laws.

During his visit to Vietnam, the Thai first deputy prime minister and honorary president of the SAS Trading Company Sombun Rahong also signed important document on his company's investment projects in Vietnam, including the construction of a hotel and business center in Ly Thuong Kiet Street in Hanoi.

In his courtesy visit to Prime Minister Vo Van Kiet, the Thai first deputy prime minister also announced that the Thai Government has approved all the agreements on economic and financial cooperation between Vietnam and Thailand and expressed the wish on behalf of the Thai Government to expand cooperation in telecommunication and energy. He said Thailand would like to buy gas from Vietnam. Mr. Sombun Rahong also announced the SAS Trading Company would offer \$1 million for the establishment of a ASEAN Liaison Office in Vietnam and the maintenance of President Ho Chi Minh's mausoleum in Hanoi. Mr. Sombun Rahong said the SAS Company and he himself have had a close relationship with Vietnam for a long time and considered the development of bilateral cooperation a primary concern.

Party General Secretary Do Muoi and Prime Minister Vo Van Kiet praised the results of the working visit to Vietnam by the Thai first deputy prime minister, as well as the good will of Thailand in broadening bilateral cooperation in areas in which Thailand has the capital, experience, and technology. The Vietnamese prime minister said development of bilateral relations and cooperation creates opportunities for Thai companies to invest in Vietnam, and the Vietnamese Government would create favorable conditions for those Thai investors to implement their projects.

Cambodian Party Delegation Visits Hanoi

*BK0409154695 Hanoi VNA in English
1514 GMT 4 Sep 95*

[FBIS Transcribed Text] Hanoi VNA Sept.4—A delegation of the National United Front for Cooperative Inde-

pendent, Neutral and Free Cambodia (FUNCINPEC) led by its General Secretary Samdech Norodom Sirivudh arrived here today for an official friendship to Vietnam at the invitation of the Communist Party of Vietnam Central Committee [CPVCC].

This afternoon, a delegation of the CPV headed by Hong Ha, secretary of the CPVCC, and head of the Central Commission for External Relations held talks with the Cambodian delegation. Mr. N. Sirivudh conveyed regards from president of the FUNCINPEC, first prime minister, Prince Norodom Ranariddh to Party General Secretary Do Muoi and Prime Minister Vo Van Kiet.

During the talks, the two sides informed each other of their respective party's activities and the situation in each country. They also compared notes on the regional situation and affirmed their wish to further consolidate and develop the relationship between the two ruling parties in the principles of respecting each other's sovereignty, non-interference into each other internal affairs, settling differences through peaceful negotiation, equality, and mutual benefit, thus increasing the bilateral cooperation and neighbourliness between the two governments and peoples, and making contribution to stepping up the trend of peace, stability, and development in Southeast Asia .

The talks took place in an atmosphere of friendship and mutual understanding.

Central Bank Loosens Currency Exchange Controls

*BK0509084695 Hanoi Voice of Vietnam Network
in Vietnamese 0500 GMT 1 Sep 95*

[FBIS Translated Text] The governor of the State Bank recently issued a decision allowing foreign currency in form of cash and travelers checks to be taken out of the country.

According to the decision, all trade, investment, and development banks licensed to trade in foreign currency and open time deposit accounts in foreign currencies at foreign banks, will be authorized to allow their officials and employees to take out of Vietnam US\$500,000 in cash or travelers checks or their equivalent in foreign currency. Larger amounts require central bank authorization.

For Vietnamese and foreigners who need to take foreign currency out of the country, banks with licenses to trade in foreign currency are authorized to issue cash or traveler checks worth between US\$5,000-10,000 or their equivalent in foreign currency. Larger amounts require state bank authorization.

However, permission to take foreign currency out of the country will be given only under the two following conditions:

1. Foreign currency from bank accounts opened by organizations to be used overseas, and authorized by the account owners.
2. Foreign currency in individual bank accounts transferred from overseas or legal earnings in Vietnam such as wages, allowances, and bonuses.

Prime Minister's Speech Marks PSF Anniversary

*BK0409153495 Hanoi NHAN DAN in Vietnamese
13 Aug 95 pp 1, 4*

[Speech by Prime Minister Vo Van Kiet at a meeting marking the 50th founding anniversary of the Vietnam People's Security Force in Hanoi on 12 August]

[FBIS Translated Text] Dear delegates, comrades, and friends: We solemnly hold this ceremony today to commemorate the 50th founding anniversary of the Vietnam People's Security Force [PSF]. On behalf of the party and state, I warmly welcome the distinguished guests, delegates, and all members of the PSF who have greatly contributed to the glorious revolution of our nation. At this solemn moment, we turn our heart to and express our boundless gratitude for President Ho Chi Minh, who consistently rendered great efforts to educate and foster members of the PSF while extending them his dear love. We also turn our heart toward those PSF members who gallantly sacrificed for national independence and freedom and for the people's happiness.

Dear comrades, the PSF's creation and its activities have met the essential and objective requirements of the revolution under the party leadership. It is necessary to say that it is a difficult task to regain the administration, to maintain it is much more difficult, and we are not successful if we cannot protect our revolution. As a result, our party has consistently developed, fostered, and trained its members to enhance their capabilities since the emergence of the PSF. Developing from a small organization before the August Revolution to the current solid and strong force, the PSF has undergone an arduous struggle to build, fight, and gain experiences under the party leadership while striving to maintain a close relationship with the people.

Under the leadership of the party and Uncle Ho during the war of resistance for national salvation, as well as in the current national reconstruction process, and despite numerous difficulties and ordeals, the PSF has maintained its loyalty to the fatherland and the people, considering the protection of the state and people's

interests as its highest objective and goal. The motto: "Sacrifice for the Nation and Rendering Best Services to the People" has become a slogan for daily action and for developing the fine tradition of the PSF. This fine quality has been firmly maintained by PSF members, not only in their efforts to overcome the nation's major ordeals, but also in their daily activities. Thanks to these efforts, the PSF has been trusted and wholeheartedly supported by the people. They have cooperated closely with the PSF to foil all dark schemes and seriously deal with and stop crimes and criminals, thereby protecting the people's peaceful life and happiness and defending the party and state. To fulfill its tasks, the PSF must consistently maintain its close relations with the people—an essential requirement for all of the PSF's successes. Moreover, the PSF must always work shoulder to shoulder with the Vietnam People's Army in national defense and reconstruction. In its task to protect national security and maintain social order and safety, the PSF must maintain its role as a reliable force of the party, state, and the people.

It can be said that the PSF has contributed efforts to every victory of our revolution and that all of the PSF's feats of arms should be attributed to the general achievements of our regime, which has been built and strengthened by the people under the party leadership. To build and foster the PSF is the duty of the entire party and people. For their part, members of the PSF should strive to surge forward to fulfill all tasks in order to be worthy of the confidence and trust accorded them by the party, government, and people.

Dear delegates and friends: Our entire party and people throughout the country are currently making great efforts to implement the renovation undertaking and to carry out national industrialization and modernization. Great achievements have been recorded in these tasks thanks to their efforts. The hostile forces, however, have continued their schemes to undermine our national reconstruction and socialist regime. Crimes and criminals are still prevalent, which have disturbed the peaceful life of our people. As a result, we must pay attention to firmly protecting our political system and revolutionary achievements while carrying out national reconstruction. The PSF plays an important role in carrying out this pivotal political task.

Our people are currently making great efforts to practice thrift and to rebuild the country. The PSF must strive to suppress all economic crimes, such as smuggling, misappropriation of the state budget and property, and corruption. The PSF must also positively and effectively motivate all people to live and work in accordance with the law, while firmly maintaining social order and safety and resolutely opposing all acts against laws

and regulations. It is necessary to say that cadres and combatants of the PSF themselves must set a good example in abiding by the law. The PSF must not only strive to directly foil all schemes of criminals, but must also do its best, together with other sectors, echelons, and mass organizations, to find ways and means to eliminate the root cause of crimes and criminals.

To create favorable conditions for fulfilling its tasks, the PSF must strive to strengthen its close relations with the people in order to enhance its strength and give rise to the people's movement to maintain social order and safety. In carrying out its tasks, the PSF must know how to launch an offensive while carrying out preventive measures. It must know how to carry out crime suppression while applying leniency and how to take drastic measures against criminals while reeducating them in order to help these criminals to lead a new, healthy life.

To satisfactorily carry out these tasks, it is necessary to build a politically and ideologically firm and strong PSF, a force that is absolutely loyal to the party and people and is striving to study and satisfactorily implement Uncle Ho's six teachings. Efforts must be made to help PSF members to firmly and profoundly understand the lines and policies of our party and state so as to enhance their political background. Ideal PSF members must be dynamic in their profession, be able to effectively enforce the law, and can set good examples in their duty, operation, and in daily life.

The entire cadres and combatants of the PSF must strive to enhance their fine quality and maintain good ethics. They must consistently struggle to strengthen their role to be worthy of the love and trust accorded them by the people while striving to maintain the glorious tradition of the PSF. All of the PSF's negative practices must be criticized and seriously dealt with, while good examples must be promptly commended to let other people learn and implement.

The most important thing in building the PSF is to enhance its members' political and ideological background and improve its organization and staff while ensuring the party's absolute, direct, and comprehensive leadership over the PSF.

On this occasion and on behalf of the party and government, I highly commend all PSF cadres and combatants for their efforts in working closely with various agencies and mass organizations throughout the country to urge and motivate the people and to seriously implement the government's decrees on banning firecrackers and ensuring traffic safety in towns and cities.

Achievement in these tasks is very significant because it manifests the people's high sense of responsibility in abiding by the law. It also indicates that all the tasks that meet the earnest interests of the majority of the people, that are well prepared, and that are seriously implemented will be successful despite numerous difficulties. This reality also testifies to the people's extensive participation in state management work under the law and the effective function of our law-governed state. We must expand the implementation of these good models to build a modern and civilized society for our nation.

Dear delegates and friends, after the glorious war of resistance for national salvation during the past decades, which was followed by the complete reunification of the nation, today our fatherland has great opportunities to successfully attain the ideal objectives of "making our people prosperous, our nation powerful, and our society equitable and civilized," as set by President Ho Chi Minh. On the home front, the current renovation undertaking has effectively exploited our nation's various great potentials.

In the international arena, our party's brilliant foreign policy has enhanced our nation's role and position in the world, thus expanding our friendship and cooperation with all nations and organizations in the world community. Today, with rapid developmental paces at home and abroad, our people can strive to fulfill their dream of extricating the country from poverty and backwardness after regaining independence and unification. This long-awaited opportunity is now approaching us.

Taking advantage of the great achievements recorded from the renovation undertaking, our party is leading our people to build a strong internal driving force to develop the economy, so as to triumphantly implement national industrialization and modernization. It can be said that our nation is now in the process of extricating itself from lagging behind economically. To attain this goal, we must open our door widely to welcome, learn, and absorb modern scientific-technological innovations while expanding cooperation with other countries to develop our economy. At the same time, we must strive to protect our national security while maintaining our unique characteristics. Our party and people have assigned the PSF and the Vietnam People's Army to carry out this glorious mission to protect and maintain the fatherland's security.

The new developmental situation requires the PSF to enhance its capabilities in all areas while striving to implement modernization and standardization and improving its activities a further step. The PSF should also strive to catch up with current developments to meet the nation's new requirements.

The arduous yet glorious struggle for the fatherland's prosperity and the people's happiness demands all of the PSF's cadres and combatants to strengthen their studies and training to surge forward to fulfill all the assigned tasks.

Undergoing 50 years of struggle to protect and build the nation through great ordeals and numerous difficulties, the PSF has proven its reliable capability, noted intelligence, and boundless loyalty to the fatherland. In the new developmental stage of our nation, the party and people are confident that the PSF will surely and outstandingly fulfill all its tasks and missions.

I wish all comrade members of the PSF good health and success.

Le Duc Anh Addresses Radio, TV Journalists

*BK0509072395 Hanoi VNA in English
0652 GMT 5 Sep 95*

[FBIS Transcribed Text] Hanoi VNA Sept.5 — State President Le Duc Anh called at the Voice of Vietnam (VOV) and the Vietnam Television (VTV) yesterday on the occasion of their 50th and 25th founding anniversaries respectively (Sept.7).

President Anh toured a number of technical and infrastructural establishments of the two broadcasting agencies whose achievements were highly welcomed by the state president as worthy contributions to the causes of national independence, defence and construction of Vietnam and a source of encouragement for the entire party, armed forces, and people to overcome all difficulties and hardships to fulfil their tasks.

The president also affirmed the role and importance of Vietnamese journalists in general and those of the VOV and VTV in particular in the country's current renovation process. He expressed his wish and belief that the VOV and VTV staff should heighten their political awareness and professional skills to improve quality and diversify their broadcasting programmes of a correct orientation in order to meet the demand for information of the masses and to make positive and effective contributions to achieving the national objective of a prosperous people, a strong country, and an equitable and civilised society.

Mr. Phan Quang and Mr. Ho Anh Dung, directors of the VOV and the VTV respectively, expressed their determination to translate President Anh's words into reality, and to make the VOV and the VTV the tools of the political and ideological fronts of the party, the voices of the government, and at the same time the forum for the masses in the present renewal process.

Trial of Buddhist Monk, Followers Viewed

*BK0409130595 Hanoi NHAN DAN in Vietnamese
16 Aug 95 p 4*

[Report by The Gia: "Ho Chi Minh City Tries the Case Involving Dang Phuc Tue (Alias Quang Do) and Accomplices"]

[FBIS Translated Text] On 15 August, the Ho Chi Minh [HCM] City people's court opened a preliminary trial of Dang Phuc Tue (alias Quang Do) and his cohort who are being charged by the city people's organ of control for "sabotaging the policy of solidarity" and "taking advantage of freedom and democratic rights to infringe upon the interests of the state, social organizations, and citizens", as defined under Articles 81 and 205a of Vietnam's Civil Code.

After the unification of the Fatherland, to meet the aspirations of the majority of Buddhist monks, nuns, and the laity and eminent dignitaries of different Buddhist sects, representatives of all Buddhist sects and organizations in Vietnam, including the United Buddhist Church of Vietnam [UBCV], convened a congress from 4-7 November 1981 and set up a common Buddhist church for the whole country named the Vietnam Buddhist Church [VBC]. Many prominent UBCV leaders were elected to the VBC Board of Management. Since then, the VBC is the only Buddhist organization to take charge of internal and external relations and which has the recognition of the Vietnamese state. Broad sections of Buddhist monks, nuns, and the laity have made positive contributions to our people's cause of national renovation and construction and helped consolidate the national solidarity bloc.

Taking advantage of religion, a number of elements like Le Dinh Nhan (Huyen Quang) and Dang Phuc Tue (Quang Do) carried out many illegal activities and instructed Phan Ngoc An, Pham Van Tuong, Pham Van Xua, Ho Buu Hoa, and Nguyen Thi Em to set up illegal organizations to distort the Vietnamese state-initiated policy of national solidarity and to sabotage the VBC. They compiled, printed, and distributed materials to distort the truth of the Vietnamese revolution and sow disunity between the Buddhist Church and the administration, between the Buddhist Church and the people, and among Buddhist monks, nuns, and the laity themselves. Furthermore, they printed many materials received from reactionaries overseas and circulated them in cities and provinces, and thus became a bad influence on broad sections of the population. Their subject matter were very reactionary and named "Communique dated 20 September 1992," "Request for Consideration of Many Issues," and "Project 20" designed to falsely accuse the Vietnamese state of

repressing the Buddhist Church, to instigate Buddhist followers to rise up against the administration, and collect information for reactionaries overseas. Dang Phuc Tue also compiled, printed, and circulated many documents to sabotage the national solidarity bloc, criticize the administration, smear VBC leaders, sow disunity among Buddhist followers, and set up illegal Buddhist organizations. Dang Phuc Tue admitted that he compiled and sent materials to foreign countries that accused the administration of repressing the Buddhist Church, sowing disunity between Buddhist and non-Buddhist followers, causing contradictions within the Buddhist community, lessening the prestige of the Vietnamese state on the international arena...

In addition to their activities to sabotage the policy of solidarity of the Vietnamese state, Dang Phuc Tue and his cohort took advantage of the freedom of expression and freedom of the press to compile and circulate materials with unhealthy contents to spread false rumors and cause confusion among the public and damage the prestige of the state. Phan Ngoc An, Ho Buu Hoa, and Pham Van Tuong set up illegal organizations dubbed "League of Bonzes for Safeguarding the True Buddhist Church," (March 1994) and "Culture and Charity Committee" (August 1994), each with own stamp, to rally Buddhist monks, nuns, and the laity to their illegal Buddhist organization. Dang Phuc Tue and a number of other people also illegally set up the so-called "Office of the Secretariat General of the Institute for the Propagation of the Buddhist Faith" to help the group led by Phan Ngoc An set up the representation of the illegal Buddhist organization. In late 1994, they took advantage of a mission to take relief goods to flood victims to introduce this illegal Buddhist organization to the public, earn credit with political organizations overseas, demonstrate their strength, and help their self-proclaimed organization acquire prestige. After learning that their organization did not seek prior permission, the local authorities refused to allow them to carry on the "flood relief mission" and made arrangements for their flood relief goods to be shipped from District 8 to compatriots in Dong Thap. Nonetheless, Tue falsely accused the local administration and the public security service of confiscating their flood relief goods and provided this misinformation to reactionaries overseas.

Dang Phuc Tue and his cohort took advantage of the freedom of religion and the press and the right to set

up associations to conduct propaganda activities aimed at distorting the truth and sowing disunity and hatred to undermine the national solidarity bloc. Furthermore, they formed illegal organizations to infringe upon the interests of the nation, people, and the Buddhist Church. The objective of their criminal activities was to oppose the people's administration. Their criminal activities were serious because they were carried out on a long-term basis and in an organized way. The local authorities adopted many educational measures against them, but they continued to carry out their activities more brazenly and more resolutely. Their moves not only undermined the peaceful life of the people but also upset the everyday life and religious activities of the vast majority of Buddhist monks, nuns, and the laity.

Based on public court deliberations, the adjudicating council charged Dang Phuc Tue and his cohort of "sabotaging the policy of solidarity" and of "taking advantage of freedom and democratic rights to infringe upon the interests of the state, social organizations, and citizens" as defined under Provision 1, Articles 81 and 205a of the Civil Code. The council imposed the following sentences:

- 5 years in jail for Dang Phuc Tue (alias Quang Do) and Phan Ngoc An (alias Khong Tanh);
- 3 years in jail for Pham Van Xua (alias Nhat Thuong);
- 30 months in jail for Pham Van Tuong (alias Tri Luc);
- 4 years in jail for Ho Buu Hoa (alias Nhat Ban); and
- 24 months' probation for Nguyen Thi Em (alias Dong Ngoc).

As additional punitive measures, once they have served their jail terms, the defendants will be placed under surveillance for five years. There will be three years' probation for Nguyen Thi Em.

The authorities in Ho Chi Minh City were instructed to determine the defendants' places of residence during the surveillance period. The defendants will be deprived of a number of civil rights during the period of surveillance or probation.

Australia**Government Protests French Seizure of Boats***LD0309115495 Melbourne Radio Australia
in English 1100 GMT 3 Sep 95*

[FBIS Transcribed Text] The Australian Government is demanding an explanation from France over the seizure of the protest vessel Greenpeace near Mururoa Atoll. Foreign Affairs Minister Gareth Evans says the latest French military actions graphically demonstrate the extent to which France is prepared to go in the face of international condemnation. Political correspondent Graeme World reports that the government has condemned the latest French action against Greenpeace vessels.

[World] Senator Evans says the government deplores the physical confrontation between French commandos and the civilian crews and passengers aboard the Rainbow Warrior Two and the Greenpeace. He says French authorities had the right under international law to intercept the Rainbow Warrior once it entered the 12 nautical mile French territorial sea and exclusion zone, but he says the arrest of the Greenpeace just outside the zone has no obvious legal justification and the government will seek an explanation for it. The foreign minister is calling on the French Government to exercise restraint in dealing with the inevitable protest if it proceeds with the tests.

'Deplores' Action on Greenpeace*BK0309122295 Melbourne Radio Australia
in English 1100 GMT 3 Sep 95*

[FBIS Transcribed Text] The Australian Government is demanding an explanation from France over the seizure of the protest vessel, Greenpeace, near Mururoa Atoll. Foreign Affairs Minister Gareth Evans says the latest French military actions graphically demonstrate the extent to which France is prepared to go in the face of international condemnation. Political correspondent, Graeham World, reports that the government has condemned the latest French action against Greenpeace vessel.

[Begin World recording] Senator Evans says the government deplores the physical confrontation between French commandos and the civilian crew and passengers aboard the Rainbow Warrior II and the Greenpeace. He says French authorities have the right under international law to intercept the Rainbow Warrior once it entered the 12-nautical-mile French territorial [word indistinct] exclusion zone, but he says the arrest of the Greenpeace just outside the zone has no obvious legal justification and the government will seek an explanation for it. The foreign minister is calling on the French

Government to exercise restraint in dealing with the inevitable protest if it proceeds with the test.

Opposition Leader Howard Views French Action*BK0309130095 Melbourne Radio Australia
in English 1100 GMT 3 Sep 95*

[FBIS Transcribed Text] The leader of the federal opposition, John Howard, says the seizure of two Greenpeace vessels and the arrest of those on board in French Polynesia is another act of arrogance. Mr. Howard says the action will further alienate world opinion against French nuclear test. He says it shows just how out of touch the French Government is in particular with the depth of feeling in the Pacific community. Mr. Howard says the French authorities can rest assured the hostility will merely grow if it proceeds with the nuclear test.

French Envoy Questions Call to Foreign Ministry*BK0409030595 Hong Kong AFP in English
0249 GMT 4 Sep 95*

[FBIS Transcribed Text] Canberra, Sept 4 (AFP) — Australia summoned the French ambassador Monday seeking an explanation for the capture of Greenpeace vessels off Mururoa atoll, but the envoy later asked why the meeting had been necessary.

The ambassador, Dominique Girard, summoned to the Foreign Affairs Department for the third time over the nuclear test issue, met with officials of the European Department.

"I was curious to know. If I was asked about Greenpeace actions, on whose behalf?" he told reporters.

"I don't think we understand what connection there is between what has happened and the Australian interests," Girard said.

Rainbow Warrior II was boarded after breaching a 12-nautical-mile exclusion zone while French commandos captured a second ship, MV Greenpeace, after a helicopter which also entered the zone landed on the ship.

Nine Greenpeace inflatable boats were seized in the Mururoa lagoon and two divers arrested after reaching a military barge.

France has said it will conduct up to eight underground nuclear tests at the atoll and the tests were due to begin this week.

Girard said Australian officials had a right to talk to him and he was happy to inform them of France's position. He said France had kept Australia informed about the situation with the boats at Mururoa.

But it would not give advance warning of the nuclear tests.

"We will inform them afterwards, but we won't announce the tests," he said.

On his way to the meeting, Girard said: "The Greenpeace people wanted to have publicity, they entered the exclusion zone, they were warned several times and they still did it so it happened what had to happen."

"Obviously the French have not been behaving in a way which has won them any friends anywhere around the world so far as this testing issue is concerned," Foreign Minister Gareth Evans told reporters.

"And the boarding of the Greenpeace ships, and capture effectively of them, is yet another demonstration of the lengths which they are prepared to go in defence of the indefensible so far as these tests are concerned," Evans said when he disclosed that the envoy had been summoned.

Hundreds Protest at French Company in Sydney

*BK0209132695 Melbourne Radio Australia
in English 1100 GMT 2 Sep 95*

[FBIS Transcribed Text] Hundreds of people opposed to French nuclear testing in the South Pacific have staged the last ditch demonstration outside the offices of a French nuclear company in Sydney. Organizers of the protests said (Kujima), Australia was linked to French testing because the company was part owned by the Commission of Atomic Energy which oversees the tests. Among the speakers to address the protest before the march took (Kujima) was Clean Up Australia Campaigner Ian Keirnan.

[Begin Keirnan recording] It's a very shallow decision by Jacques Chirac, and I see it flying in the face of what ordinary people want, which is improvement of the environment. The real war is the war against the environment, and I see the resumption of French testing has a huge move against that — in the war. [end recording]

McMullan Expects Improved Relations With Malaysia

*BK0409111095 Melbourne Radio Australia
in English 0630 GMT 4 Sep 95*

[From the "International Report" program]

[FBIS Transcribed Text] Australian Trade Minister Bob McMullan is in Thailand today as he continues his Southeast Asian tour. Late last week Senator McMullan visited Singapore and Malaysia where the main topics of discussion were APEC [Asia-Pacific Economic

Cooperation] and the upcoming inaugural meeting of (?ASEAN-CER), a proposed trade grouping that would bring together ASEAN and Australia and New Zealand. Sen. McMullan said the Malaysian leg of his trip was particularly successful. His last political meeting was with Deputy Prime Minister Anwar Ibrahim and after that Sen. McMullan spoke to our correspondent Katherine McGraw.

[Begin recording] [McMullan] We had a very good discussion about the state of the bilateral relationship, some important commercial issues. I briefed him on some of the discussions I had with the Australian private sector and their experience here. We then subsequently went to the opening of a new office building here which includes the Australian Trade Commission Office and I was delighted to hear the willing endorsement of the deputy prime minister — there it was Australia's place in the region. In our relationship with Malaysia, I thought it was accurate, and ... but I was encouraged to hear the way in which he said it [words indistinct] in that event to that very large audience of senior business and community figures here in Penang.

[McGraw] You talked about bilateral issues, did you talk about APEC?

[McMullan] No, we didn't, other than in very general terms there about the regional relationship and I only discussed that yesterday with the foreign minister and the trade minister. But the deputy prime minister has an interest in that of course he goes to APEC finance ministers' meetings and he's addressed all the issues of the government so he has an intelligent interest in that so we didn't go into it in detail.

[McGraw] After two days in Malaysia, have you got any fear for whether or not Dr. Mahathir will go to Osaka.

[McMullan] Well it's hard for me to say. I do have some views but the attitude of the Malaysian prime minister is [words indistinct].

[McGraw] There has been some press speculation in Malaysia this week about APEC and some concern that Malaysia's interests are not being well served. Could you pick up some of that feeling here?

[McMullan] Well, I am not sure that ... I am not aware of a sense of that. I think Malaysia is an effective advocate in its own cause and comes regularly and its officials have been participating actively, and ... now we have some disagreements about some of their trade barriers. It is fundamental in an economy that is opening to the world and sees its destiny as an open trading nation. So, the trading in APEC will suit Malaysia's interests.

[McGraw] There they will be getting some very tough bargaining, won't they, in the next APEC summit.

[McMullan] I think we all will.

[McGraw] You don't think there's going to be a bloc, they're not going to make it harder for Australia's interest to keep coming and pushing APEC.

[McMullan] Well, I don't know at all. I think we can come to some agreement but they [words indistinct] and I don't think they are pushing them and I see Malaysia will do the same and the ... it is true that as I said in Singapore and in Malaysia that Australia and Malaysia have some different perspectives about the economic infrastructure in our region and that's a matter to be resolved over the years. But we're working together, we're on a short-term prospect with Malaysia and between the ASEAN Free Trade Area and Australia and New Zealand about which Malaysia has been very positive during this visit more than ... I knew there were corporate limits but they had been more positive than I had previously noticed. It's been very encouraging so I expect our regional relationships to improve. [end recording]

French Polynesia

French Commandos Take Greenpeace Ship to Mururoa

BK0109164495 Hong Kong AFP in English
1637 GMT 1 Sep 95

[FBIS Transcribed Text] On board the French frigate *Prairial*, Aug 31 (AFP) — French commandos boarded the *Rainbow Warrior II* at dawn Friday after the Greenpeace flagship entered the French exclusion zone around the Mururoa atoll nuclear test site.

The special navy force used blow torches to cut through barricaded doors on the ship as it sped toward Mururoa lagoon, where the first of a new series of controversial nuclear tests is imminent, observers from the French frigate *Prairial* saw.

Military sources said the commandos seemed to have taken over the engine room to finally stop the vessel.

It was a virtual repeat of a French navy operation against *Rainbow Warrior II* to stop a similar protest on July 9. Then it was rammed before being boarded.

The latest commando assault was completed at 6:20am (1520 GMT) around 20 minutes after *Rainbow Warrior II* entered the 12 nautical mile (20 kilometer) exclusion zone France has declared.

After assuring control of the ship, the commandos took it toward Mururoa atoll.

Greenpeace Demands Release of Activists, Ships

BK0209085795 Melbourne Radio Australia
in English 0500 GMT 2 Sep 95

[FBIS Transcribed Text] France's high commissioner in French Polynesia, Paul Ronciere, says some 60 Greenpeace activists arrested early on Saturday morning and could face an array of charges. The activists were arrested after Greenpeace launched nine inflatable dinghies into the 12-mile exclusion zone around Mururoa Atoll.

A helicopter from one of two Greenpeace ships also breached the French exclusion zone during the incident in which the activists were pursued and stopped by French commandos. The commandos also seized the two Greenpeace vessels. Greenpeace has demanded the release of the ships as well as the 60 activists. South Pacific correspondent Erina Reddan reports from Papeete:

[Begin Reddan recording] The French High Commissioner Paul Ronciere says it took 67 commandos six hours to round up all the 60 Greenpeace activists. The *Rainbow Warrior II* and the *MV Greenpeace* were boarded without the use of tear gas and activists on nine Zodiac dinghies and two scuba divers were also apprehended. After being questioned by police, the anti-nuclear activists are now being questioned by the judiciary. The two vessels are anchored outside Mururoa lagoon but the high commissioner says they are to be escorted or towed 460 kilometers to Hao, the (?closed) atoll with a harbor to Mururoa. [end recording]

[Hong Kong AFP in English at 0715 GMT on 2 Sep in a Sydney-dated item adds: "Greenpeace demanded Saturday that France release its two ships and crew seized by commandos off Mururoa atoll as Australia called on France to exercise maximum restraint.

["We are calling on France to release both the *Rainbow Warrior* and the *Greenpeace*, particularly since the *Greenpeace* was illegally seized in international waters," said Ben Pearson of Greenpeace Australia.

["We are also calling on the crews of both ships to be released unconditionally."

["Pearson, national nuclear campaigner for the environmental group, said he understood the crews were to be interrogated and may be charged under customs laws, a step he described as 'unprecedented.'"

["It is very clear that what the French tried to do is put *Greenpeace* out of action in the lead-up to the tests and hobble international peaceful protest," he told AFP.

["A Greenpeace statement said French commandos smashed radio equipment on the Rainbow Warrior with sledgehammers and cut cables.

["The radio room has been ransacked by French commandos, they have been right over the place," radio operator Tim Gorter was quoted as saying in the statement, which explained he had made contact via a hidden satellite phone.

["Two Greenpeace divers, named by the group as Bill Mosca of the United States and Heinz Smital of Austria, were arrested around the nuclear test site, French navy sources said.

["As demonstrators marched in Sydney against the planned weapons program, Pacific Island Affairs minister Gordon Bilney urged France to exercise maximum restraint.

["The people who are protesting have a very deep-rooted objection to these tests and I believe their concerns need to be taken into account," said Bilney as he prepared to lead a protest delegation of MPs to Europe.

["They are not soldiers, this is not an act of war, therefore the maximum amount of restraint the French exercise the better."

[Bilney said he was glad the French navy operation was performed 'in a less bloodthirsty way than the last time.'

["Bilney left Saturday with a multi-party delegation of MPs to visit senior foreign ministers and government heads in Bonn, Brussels, London, Paris, Amsterdam, Copenhagen, Stockholm and Vienna.

["Our immediate objective is to do what we can to stop or limit the number of tests," Bilney said.

["After that we'll be seeking support from parliamentarians in Europe and governments in Europe for longer term objectives such as the comprehensive test ban treaty and the cessation of nuclear testing for all time."

["Another 35 federal and state Australian parliamentarians were sent off by New South Wales Deputy Premier Andrew Refshauge as they left Sydney for Papeete to join an international protest against the tests.

["We have to show the French that this is a grossly indecent act, one of national vandalism," said Refshauge. "Not only is it destructive in itself but also threatens the future of ourselves and our children in the Pacific."

["Among the MPs, Senator Tom Wheelwright said he planned to join a ship heading to the atoll. 'I will attempt to get through the 12 mile zone. I am prepared to risk arrest for it,' he said.

["The parliamentarians were to join a protest march, international press conference and an international forum along with 75 Japanese MPs and about 20 MPs from 10 European countries.

["By Sydney Harbour, about 1,000 demonstrators, some wearing anti-radiation suits and gas masks and others waving banners including one saying 'Leave Your War Toys at Home Jacques' rallied Saturday against the weapons program.

["Ian Kiernan, head of the international Clean Up anti-waste campaign, told the crowd that Chirac's decision was 'just a huge arrogant and ignorant leap backwards.'"]

Antinuclear Protestors Block Access to Papeete

*LD0209095595 Melbourne Radio Australia
in English 0700 GMT 2 Sep 95*

[FBIS Transcribed Text] Antinuclear protestors in French Polynesia have blocked access to the capital Papeete on the busiest day of the week following the arrest of independence leader Oscar Temaru. He was detained when French commandos arrested more than 60 Greenpeace activists for attempting to breach a military exclusion zone around the nuclear test site at Mururoa Atoll. French officials say the activists, who are likely to face a number of charges, are being questioned by the military. South Pacific correspondent, Erina Reddan, reports there is concern in Papeete about Mr. Temaru:

[Reddan] Supporters of independence leader, Oscar Temaru, who is among the activists being held by the French, are barricading the western entrance to the capital Papeete. They are refusing to clear the road until Mr. Temaru is released. The barricade is causing considerable inconvenience as it is the busiest time of the week in the capital. The Greenpeace activists are being questioned by French legal authorities. They can be held for up to 48 hours without being charged. Erina Reddan, Papeete.

Activists Sent to Papeete for Questioning

*BK0209121795 Melbourne Radio Australia
in English 1100 GMT 2 Sep 95*

[FBIS Transcribed Text] Authorities in French Polynesia are returning antinuclear activists to the capital, Papeete, for further questioning following their arrest during the freezing of two Greenpeace protest boats early today. Those arrested include the local pro-independence leader, Oscar Temaru.

A French spokesman says the activists could be charged with breaching the military zone around the French

nuclear test site at Mururoa Atoll. A Radio Australia correspondent in Papeete says the French are unlikely to release the Rainbow Warrior or the Greenpeace vessels until after the test programs due to start this month.

In Papeete, three activists have been injured when a car attempted to break through a roadblock set up to protest about the resumption of French nuclear tests. The three, including one woman with serious injuries, are being treated in hospital. The AFP news agency says the driver of the car took refuge in a hotel after the crowd dragged from his car and attempted to beat him up.

Arrested Activists Arrive

*BK0209161895 Hong Kong AFP in English
1610 GMT 2 Sep 95*

[FBIS Transcribed Text] Papeete, Sept 2 (AFP) — A group of Greenpeace activists arrested by French officials early Friday near the French nuclear test site of Mururoa have arrived here onboard a military plane.

Also on the flight were journalists who had been traveling with the Greenpeace flotilla and Polynesian pro-independence leader, Oscar Temaru, and US Democrat congressman for Samoa, Eni Faleomavaega.

The Greenpeace activists were arrested while they were onboard Zodiac speed boats inside the 12 nautical mile exclusion zone around Mururoa Atoll, the site of imminent French nuclear tests.

The Zodiacs were launched by their mother ships, the Rainbow Warrior II and MV Greenpeace which were stormed by French commandos and are now being towed with their crews from Mururoa to Hoa atoll about 700 kilometers (435 miles) northwest of the test site.

An official here said the activists would be released Saturday after judicial processing and would probably not be expelled.

International Politicians Join Antinuclear Protest

*BK0309092695 Melbourne Radio Australia
in English 0500 GMT 3 Sep 95*

[FBIS Transcribed Text] Politicians from around the world have joined thousands of French Polynesians in a rally to demand that France cancel its plans to resume nuclear tests in the South Pacific. The flags of Japan, Australia, New Zealand, and European nations were carried by their parliamentary contingents beside the banner of the Tahitian Independence Movement and placards denouncing France. South Pacific correspondent, Erina Reddan, reports from the capital, Papeete, that the protesters have delivered a petition against nuclear testing to the French high commissioner.

[Begin Erina recording] Thousands people marched through the streets of Papeete demanding an end to nuclear testing and the French Law. Another group of 60 politicians from Australia, New Zealand, Japan, and Europe joined the march. The international politicians will meet other local antinuclear groups over the next few days and some will join a peaceful [word indistinct] heading for the nuclear testing site at Mururoa. Meanwhile, Greenpeace says 33 of its activists are still being held by French authorities along with the three Greenpeace protest vessels. The French authorities will release a statement later. [end recording]

France Says Australia, New Zealand 'Meddling'

*BK0309121595 Melbourne Radio Australia
in English 1100 GMT 3 Sep 95*

[FBIS Transcribed Excerpt] Japan's financial minister, Masayoshi Takemura, has led more than 100 foreign parliamentarians in a protest in French Polynesia against French nuclear tests. The politicians from Japan, Australia, New Zealand, Europe, and South America joined several thousand Tahitians in the demonstration in French Polynesia's capital, Papeete, as well as protesting against nuclear tests many of the French Polynesians were also calling for independence from France.

French officials have complained to Australia and New Zealand saying that the presence of the legislatures are amounted to meddling in France's internal affairs by providing support for Tahiti's independence movement. [passage omitted on similar protest held in Taiwan]

France Seizes Sailboat in Exclusion Zone

*BK0409005995 Hong Kong AFP in English
0021 GMT 4 Sep 95*

[FBIS Transcribed Text] PAPEETE, Sept 3 (AFP) — An anti-nuclear sailboat was seized by French commandos Sunday when it entered a 12-nautical-mile exclusion zone around the Mururoa atoll nuclear test site, authorities said.

The Kidu, with two people aboard, was towed to the atoll with a French police officer on board. It had been stopped 11 nautical miles from the atoll. The crew claimed they were heading for Mururoa because they were in need of fresh water.

According to the French military, the ship was seized by naval commandos only after it entered the zone for the fourth time in several days. The ship had been given water on a previous incursion, Tahiti's radio SIRPA reported.

A military source said a dozen boats in an anti-nuclear protest flotilla were in the vicinity of Mururoa and

another nuclear test atoll, Fangataufa, including the Vega and the Bifrost, two sailboats of the environmental group Greenpeace. A third Greenpeace boat, the Manueta, had recently arrived from the United States.

On Friday, the Greenpeace environmental ship Rainbow Warrior II was boarded after breaching the exclusion zone while commandos stormed a second ship, MV Greenpeace, after a helicopter that also entered the zone landed on the ship. The two ships were towed out of the area.

The first nuclear test in a series planned by the French is expected to be conducted at Mururoa in the next few days.

New Zealand

Bolger Demands Explanation for Ship Boarding

*BK0509040995 Hong Kong AFP in English.
0328 GMT 5 Sep 95*

[FBIS Transcribed Text] Wellington, Sept 5 (AFP) — New Zealand Prime Minister Jim Bolger on Tuesday asked France to explain the treatment of New Zealand protesters aboard two Greenpeace ships seized off Mururoa Atoll at the weekend.

The prime minister said in a statement that inquiries had confirmed evidence of unnecessary force used by French commandos when they detained anti-nuclear protesters from the Rainbow Warrior II and MV Greenpeace.

But in a notable downplaying of previous anti-French rhetoric, Bolger did not summon French ambassador Jacques le Blanc.

The ships were detained off Mururoa where France is to shortly resume nuclear tests. Rainbow Warrior II was inside an exclusion zone around Mururoa. But the MV Greenpeace was in international waters.

Australian Foreign Minister Gareth Evans summoned the French ambassador in Canberra on Monday to protest the seizures.

A spokesman for Bolger said the prime minister did not consider it "appropriate" at this time for him to personally meet le Blanc.

Bolger said French authorities had agreed to investigate the claims of violence.

The French ambassador met Ministry of Foreign Affairs and Trade officials Tuesday to discuss "allegations relating to the treatment of New Zealand citizens" during and after the seizures.

Bolger said consular officials in Papeete had been in touch with the French authorities about the use of force against New Zealand protesters and the seizure of their personal effects.

He said that had confirmed initial advice that some unnecessary force was used.

A French inquiry into the claims was sensible and was welcomed by the government, Bolger said.

He said in light of those reports he had instructed the Foreign Ministry to call in the ambassador to be told of the New Zealand government's concerns over the use of force.

Greenpeace Denounces Premier's 'Cowardly' Stance

*LD0409102695 Melbourne Radio Australia
in English 0900 GMT 4 Sep 95*

[FBIS Transcribed Text] A group of politicians from five countries, sailing to Mururoa atoll, say they will try to cross into the military exclusion zone around the French nuclear test site. The nine legislators have left Tahiti on a 25-meter yacht chartered by Greenpeace. The group says it shares Greenpeace's determination to prevent the imminent resumption of French testing.

Meanwhile, New Zealand's Prime Minister Jim Bolger has advised owners of protest yachts off Mururoa not to go ahead with plans to breach the exclusion zone. He says if they break the law they'll be at the mercy of the French authorities. Greenpeace has denounced Mr. Bolger for refusing to take sides in what he calls a propaganda war between the environmental group and the French. He says Greenpeace deliberately provoked the weekend confrontation off Mururoa atoll, in which the Rainbow Warrior and Greenpeace were seized by French commandos. Greenpeace says Mr. Bolger's failure to protest to Paris about the incident is cowardly and reprehensible.